

More unions prepare to escape pay restraint guidelines

Street journalists have joined growing number of union members who assume that pay will be much relaxed when present phase of the anti-inflation policy ends on July 31. Their union has replied to an employers' offer of rises of up to £4 a week by saying that no wage deal will be agreed before August 1.

Journalists reject phase two offer

After the miners and transport workers have held their policy-making conferences, the TUC, however, is not expected to make its decision until the annual congress in the first week of September. "The best the Government can now hope for is a paper agreement which allows unlimited pay flexibility but includes a basic percentage norm, a minimum but no maximum," Phillips and Drew say. "In addition, the Government may feel inclined to set its own figure for the pay ceiling. It would like to be observed. Inducements could be offered this October to meet this ceiling, such as a forward commitment to cut direct taxation further in the spring, 1978 Budget, should the ceiling hold." The journalists' union is seeking the way out of pay restraint pinpoints by Phillips and Drew. Mr Robert Norris, assistant general secretary of the NUJ, has told Fleet Street and news agency editors of the union's position. The union's National Newspapers and Agencies Industrial Council has unanimously resolved that the next pay deal should run from August 1, after the present phase of pay policy has expired. (base: 100 in February, 1971) to 60 by the end of the year and 54 by the end of next year. But inflation would be rising by the end of next year, and British industry's competitive position would come under strain. That would be so even though the pound is expected to fall from an effective exchange rate of 60 to 40 (base: 100 in February, 1971) to 50 by the end of the year and 54 by the end of next year. The journalists' attitude is gaining wide currency. The

Better tanks, missiles and aircraft give strength to Soviet build-up in East Europe Russians bridge gap with Nato in quality of weapons

The number of Soviet troops in East Europe has been increased by an estimated 140,000 in the past nine years. About half are accounted for by the divisions still stationed in Czechoslovakia since the 1968 Soviet-led invasion. The rest have been fed mostly into the 20 Russian divisions in East Germany. Estimates of the buildup in equipment were widely. Russian assessments list a 31 per cent increase in tanks, 25 per cent more artillery, 78 per cent more armoured personnel carriers (APCs) and 20 per cent more aircraft since 1968. General Alexander Haig, Nato's Supreme Allied Commander Europe, has referred to a 40 per cent rise in the number of tanks and a 100 to 150 per cent increase in artillery as part of a "persistent, long-term effort dating back to 1962 and perhaps earlier" to 1962 and perhaps earlier. Another estimate, from the Pentagon, credits the Soviet forces in East Europe more conservatively with a 10 to 15 per cent rise in firepower. Soviet qualitative improvements have made an even deeper impression, perhaps because quality is the one area in which Nato has so far enjoyed a substantial advantage. The new T-72 tank, with its 122mm gun, automatic loader and laser rangefinder is a considerable advance on the T52, which could manage only 100 to 125 miles before needing extensive maintenance. The T72 should manage the 150 to 200 miles expected of most Western tanks. The BMP76 is arguably the most efficient armoured personnel carrier in the world, with its crew of three, eight infantrymen in the back, a 73mm gun, a 7.62mm machine gun and a launcher for Sagger anti-tank missiles. There has been a switch in emphasis from towed to self-propelled guns, partly to afford more protection to the crews, but primarily to enable the batteries to keep pace with fast-moving armour. The Soviet forces now have more than twice as many guns and heavy mortars as the United States Army in West Germany. Anti-aircraft defences have continued to improve with the introduction of the Sam 8 and Sam 9 missiles, both effective against low-level aircraft, and the multi-barrelled, radar-guided ZSU23 gun whose performance in the 1973 Israel-Arab War impressed Western observers. Minesweeping and minelaying equipment has been upgraded and so have Soviet logistic systems and supply vehicles for long considered a weakness. Substantial fuel stocks and more than one month's ammunition are available to all combat units. In 1975 the Russians carried out their six-monthly rotation of troops entirely by air, moving about 100,000 men with combined fleets of military and civil aircraft. They completed the operation in two weeks, a third of the time it had previously taken by road and rail. Since 1973 the Russians have been restocking their air force in East Europe with third-generation multi-role aircraft including varieties of the Mig 23, the Mig 21, the Su17, the Su19 and the Mig 25 Foxbat. Together with the Backfire bomber they represent a quantum jump in range and pay load. The new combination of aircraft also seems to reflect a fresh interest in ground attack/interdiction, as opposed to air defence. This reflects a switch in emphasis throughout the Soviet Air Force, with the number of ground attack aircraft rising from 600 in 1965 to 1,700 today. The profile as a result looks more aggressive. There are various explanations for the Soviet buildup. One is that the Russians are

Alice's lost encounter with wasp in blonde wig

From Fred Emery
Washington, May 29
Alice's encounter with an aging, neurotic and bewigged wasp, which figures in a chapter of Lewis Carroll's discarded manuscript *Through the Looking Glass*, is being published in New York in August. *The New York Times* reported today. Apparently the chapter was dropped when Alice Tenzel, the incomparable illustrator, objected that to draw a wasp in a wig was "altogether beyond the appliances of art." The tousel blonde wig, which the wasp kept covered with a yellow kerchief, was the base of his life, making him the butt of mockery. An excerpt reads: "I'm very sorry for you," Alice said heartily, "and I think if your wig fitted a little better they wouldn't tease you quite so much." "Your wig fits very well," the wasp murmured, looking at her with an expression of admiration. "It's the shape of your head as does it. Your jaws ain't well shaped though—I should think you couldn't bite much." "Alice began with a little scream of laughter which she turned into a cough as well as she could. At last she managed to say gravely: 'I can bite anything I want.'" "Not with a mouth as small as that," the wasp persisted. "If you was fighting, now, could you get hold of the other one by the back of the neck?" According to *The New York Times* there is already disagreement among American scholars over what effect the recovered chapter will have upon Carroll's reputation. The proofs, corrected in Carroll's hand and long thought destroyed, were auctioned at Sotheby's in London in 1974. The buyer, Mr Norman Armour, a New York collector, was only recently traced by the Lewis Carroll Society of North America.



The height of the blaze at the Beverly Hills Supper Club in Southgate, Kentucky.

Firemen fear 400 may have died in blaze at Kentucky night club

Southgate, Kentucky, May 29.—At least 200 people died as revelers fled from dinner tables and a cabaret last night in a fire that engulfed one of the biggest night clubs in the United States. Some estimates tonight put the toll as high as 400. A fire department spokesman here said that 170 bodies had already been recovered by this evening from the debris of the Beverly Hills Supper Club, known in Southgate as "the showplace of the nation." He added: "The place is a total wreck. There were about 3,500 patrons in there at the time, maybe more. We have got to remove a lot of debris, an awful lot, before we are going to arrive at a firm figure for the number of dead." The club, built as a gambling casino before the Second World War, and rebuilt after a big fire in 1970 that caused no casualties, was crowded with drinkers and diners from Southgate and neighbouring Cincinnati when the blaze started at 9 pm. The cause of the fire, which apparently started in the kitchen area, was still being investigated tonight. About 130 people were admitted to hospital and scores were treated at the scene. The dead were taken to a makeshift morgue in the suburb of Fort Thomas. Many of the victims died in a panic stricken rush to escape from the building when the electricity failed soon after the blaze started. They were killed by inhaling the clouds of black smoke swirling through the darkened rooms rather than by the flames, firemen said. "There was no delay in calling for help. It was just a very quick-spreading fire," one official stated. Eyewitnesses said flames shot 100ft into the air at the height of the blaze. The club had no sprinkler system, but there were adequate fire exits, according to firemen. Southgate itself has only a volunteer fire department, and most of the men and equipment came from Fort Thomas. When the blaze started patrons were scattered in dozens of rooms and alcoves throughout the three-storey brick-walled building, which lies just across the Ohio River from Cincinnati and near the Indiana state border. Many guests were finishing their dinner and preparing to walk to the cabaret room for a show by the singer John Davidson. Several waitresses tried unsuccessfully to put out the flames with portable fire extinguishers, but as the thick black smoke spread through the corridors, fleeing guests blocked the main entrance. Fire engines had difficulty reaching the scene because the club is built on an isolated 17-acre site at the top of a hill, and can be reached for the last quarter-mile only by a narrow two-lane road which quickly became choked with traffic.—Reuter and AP.

Likud decides to keep Dayan on its list

Likud block, headed by Mr Meir Bevan, decided yesterday to stick to its invitation to Moshe Dayan to join the cabinet, they are trying to bring to Israel. The invitation caused much controversy, importantly in the Demographic Movement for Change, a party which Mr Dayan had been hoping to join in coalition with its

Uganda less certain on Amin visit

Nairobi, May 29.—For the first time today Uganda radio left a question mark hanging over President Amin's participation in the Commonwealth conference opening in London on June 8. The radio, monitored here, quoted a military spokesman as saying: "Owing to the apparent rift between Uganda and Britain over Ugandan participation in the forthcoming Commonwealth conference, the Ugandan Government is studying the development to its conclusion with extreme interest." "The Ugandan Government will make her position on the matter clear by June 8, 1977." The "military spokesman" quoted is thought to be President Amin.—Reuter. Commonwealth strains, page 5

IRA bomb attack near houses

An IRA mortar bomb launched from the Irish Republic exploded near a housing estate in Ulster. Three other bombs failed to go off were found on a golf course. The IRA was aiming at docks used by troops.

SNP leader 'deeply regrets' leak on royal talk

By Michael Hatfield
Political Reporter
Mr William Wolfe, chairman of the Scottish National Party (SNP) yesterday issued a statement expressing "deep regret" that an SNP member of Parliament had repeated to a London newspaper (*The Times*) some part of a personal conversation he had with her Majesty during the jubilee visit to Scotland. The statement came after *The Times* disclosed on Saturday that the Queen had told a leading member of the SNP, who was not named, that she did not realize it was a monarchist party, after taking the initiative in seeking information about the party. Mr Wolfe's initial reaction on Saturday was that he was unaware of such approaches being made by the Queen. However, in his statement yesterday he said: "This breach of good manners will be discussed within the party in due course." Asked what action might be taken against the MP, Mr Wolfe said: "I have no idea. The question of the breach of good manners is going to be discussed by the party. It will be obviously the concern of his fellow MPs. It will be the concern of the national executive, and it will be the concern of all branches in his constituency." A Buckingham Palace spokesman said on Saturday: "No such steps would have been taken, as the Queen is always informed on such matters. She is informed of all political parties in Scotland. That is one of the great features of a constitutional monarchy." "Nothing she heard in Scotland came as a surprise to her, because she is informed on these questions. There was no need for the Queen to seek special information because she always pays close attention to these matters." An attempt was made to get *The Times* report discussed on the last day of the SNP conference on Saturday, but the national executive decided not to issue a statement. Delegates gave Mr Donald Stewart, leader of the SNP parliamentary group, a standing ovation after they had heard him say: "Every one of our conferences is a countdown to independence. I am not suggesting the date of lift-off, but it is close." Mr Stewart said the Labour Party, which had promised the devolution Bill, had failed Scotland. The results of the elections to the SNP senior posts showed that Mrs Margo MacDonald easily beat off a challenge to her position as senior vice chairman. She won a total of 632 votes. The other contenders were: Mrs Jannette Jones (97), Mr Douglas Henderson (87) and Mrs Margaret Bain (85). Dr Robert McIntyre and Mr William Wolfe were returned unopposed as president and chairman respectively. MP's denial: Mr Douglas Crawford, SNP MP for Perth and East Perthshire, who met the Queen during her visit to Perth on May 19, said last night: "I wish to state categorically that at no time whatsoever have I disclosed any details of any conversation in this context to the media, and I shall be meeting Mr Wolfe to discuss the matter. I have always refused, and still refuse, to give any details of the conversation."

Tindemans go-ahead

Tindemans, the Belgian Minister, has been authorized by the four parties majority coalition to form Government. The move delayed by controversy revolution proposals.

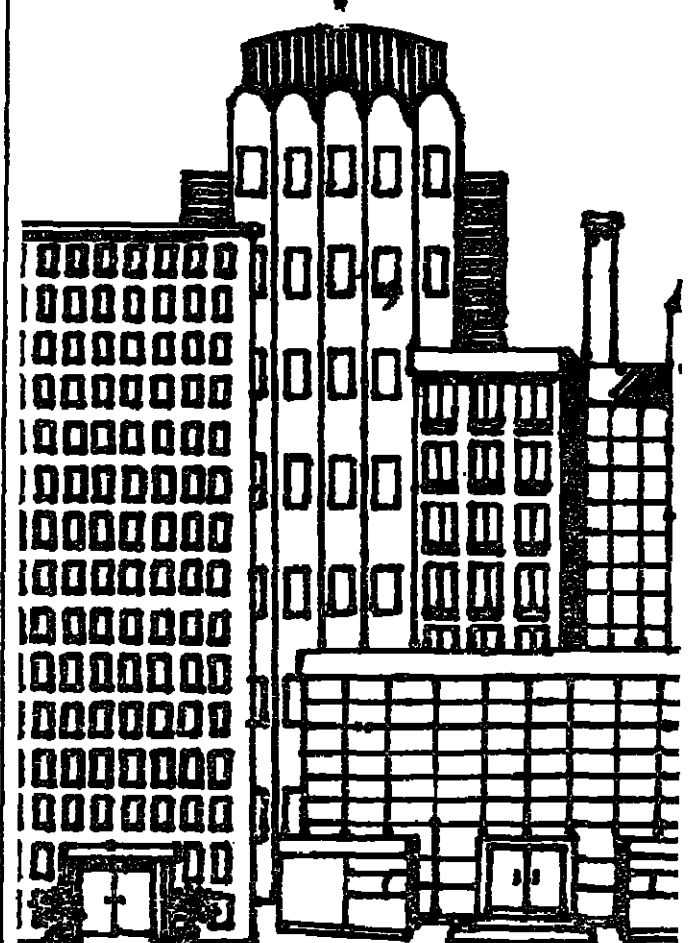
Frustrating weekend for Dutch siege negotiators

From Sue Masterman
The Hague, May 29
After a frustrating weekend of fruitless attempts to negotiate, the official Dutch view being put out here tonight was of little hope of quick freedom for the hostages held by Moudoussou extremists in a hijacked train and in a school in the north of the country. This pessimistic news came from Mr Ronk Zeevalking, the Secretary of State for Justice. For a few hours last week, hopes rose for a speedy solution after the release of the 105 schoolchildren. The Dutch Cabinet crisis team is also demanding the release of a pregnant woman passenger in urgent need of medical treatment. The Moudoussou have repeatedly refused during the weekend to meet this Government demand. Nor will they disclose the eventual destination of the Boeing 747 they are demanding to take themselves,

Rhodesians cross border to attack guerrilla camp

From Michael Knappe
Salisbury, May 29
Rhodesian troops, backed by air support, crossed the southern border into Mozambique early today and attacked a guerrilla base camp, killing 20 guerrillas, military authorities have announced. The raid, underway as the Anglo-American consultative team seeking proposals for a Rhodesian settlement flew from Salisbury to Maputo, the Mozambique capital, was said to be continuing. The communiqué said the Rhodesian troops overran a base camp three miles inside Mozambique. First reports said 20 guerrillas were killed and a large quantity of war material captured without any casualties. The military authorities said the raid was mounted because of a considerable increase in the past week in the number of guerrilla groups crossing the Mozambique-Rhodesia border near the border town of Vila Salazar. The incursion is the third by Rhodesian troops to have been officially announced in Salisbury. The first was last August when the Rhodesians claimed to have killed more than 350 nationalist guerrillas at their base camps, Mozambique and United Nations sources said the target attacked was a refugee camp at Nyadzonya and that the death toll was much higher. The second announced raid occurred in November, when Rhodesian troops spent three days in Mozambique knocking out guerrilla bases. Dar es Salaam: The Mozambique Information Office said Rhodesian forces had made "major attacks" against three Mozambique Army bases. It said the attacks had been resisted, but gave no casualty figures.—AP. U S avoids Mugabe talks, page 5

A FEW OF THE COUNTRY HOUSES WE'VE SOLD RECENTLY



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HOME NEWS

Basnett plan to stop pay revolt growing

From Tim Jones
Labour Reporter
Southport

Leaders of Britain's third biggest union will attempt this week to restrain a growing revolt against the social contract. But in return for a third year of voluntary pay restraint members of the General and Municipal Workers Union will be urged to accept a demand for "explicit government action" on prices and jobs.

Mr David Basnett, the union's general secretary, will make it clear to the Government that it must agree with the TUC on a strategy on those two issues before an understanding can be reached on how an orderly return to free collective bargaining can be achieved.

Faced with a growing revolt among his 900,000 members against a further period of wage restraint, Mr Basnett clearly hopes that the tough resolution he will move can steer the movement towards a more flexible phase three of the incomes policy.

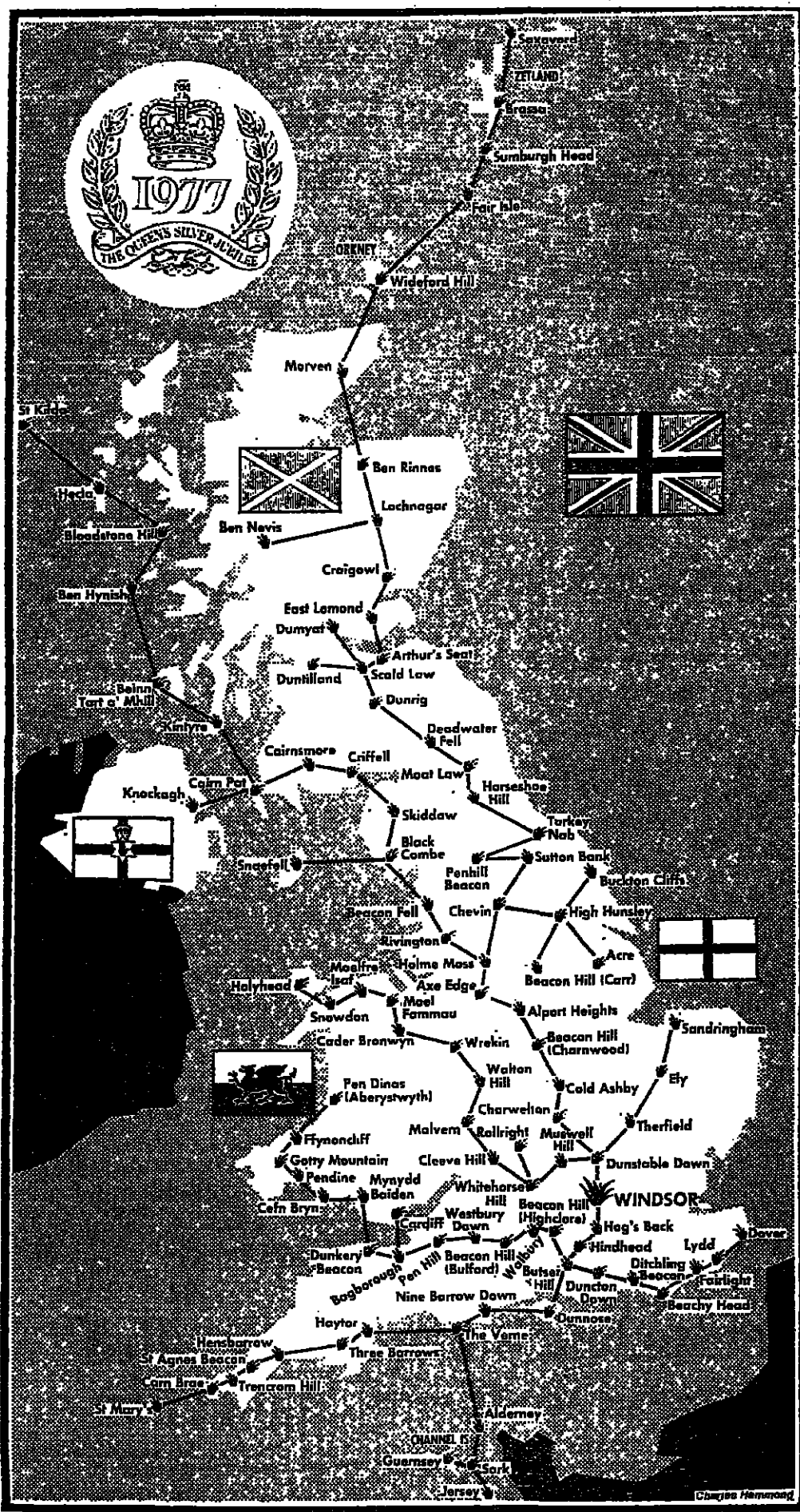
The conference decision on pay policy will be of vital importance to the Government, as Mr Basnett, one of the main architects of the social contract, is a member of the senior TUC team who negotiate directly with the Chancellor.

During the debate Mr Basnett will call for:

1. An overall economic policy directed at economic recovery and industrial regeneration.
2. Specific measures to increase industrial training, extended employment subsidies and more long-term job creation schemes.
3. Higher controls on prices, including effective investigative powers, with the interval between price increases extended from three months to 12 months, coupled with statutory powers to enable the Secretary of State to freeze prices.

The motion Mr Basnett will move adds "given such action, the process of return to voluntary collective bargaining must maintain living standards, provide a basis for their improvement and allow flexibility to deal with the problems of consolidation, differentials, incentive schemes and provide help for the low paid as well as allow devolution of bargaining authority to local levels where desirable."

Mr Harold Hickling, chairman, said the trade union movement needed even greater influence on government policies. "Certainly the Government must on certain issues heed trade unions more. But to attempt to sacrifice a relationship that has been built up to the social contract is to attempt to subvert the labour movement as a whole," he added.



The sites of the main silver jubilee beacons, to be lit throughout Britain next Monday night. Copies of a commemorative map in colour are obtainable from the Royal Institution of Chartered Surveyors, 29 Lincoln's Inn Fields, London, WC2, at £1 each plus postage.

Mr Hall to address company at strike-bound 'National'

By Our Arts Reporter

Mr Peter Hall, director of the National Theatre, which has been closed since last Friday by unofficial action by backstage staff, is to address a meeting of the entire company on the South Bank today.

Before it takes place, the National's actors have been summoned to a meeting. Many of them have not been called in since the strike began, so far the dispute, which is over the dismissal of Mr Ralph Cooper, a plumber and union shop steward, has caused the cancellation of nine performances at the Lyttelton and Cottesloe theatres.

The National said last night that two attempts had been made to seize the dispute. On

Friday it offered to suspend Mr Cooper on full pay until talks could be held. That move was supported by the men's union but rejected by the strikers. On Saturday, that management offered to reinstate Mr Cooper and send the dispute to arbitration. That was rejected.

The unofficial strikers, representing about a quarter of the 400 staff, claim that Mr Cooper has been victimized because of his union activities.

No performance is due at the Olivier tonight, but *State of Revolution* should continue at the Lyttelton and at the Cottesloe, as the performance of *Four to One* is due.

Theatregoers are advised to telephone the theatre before attending performances.

Double-income families worry teachers

By Our Arts Reporter

The double-income family, with both parents going out to work, has brought difficulties to schools, according to a report by the National Association of Schoolmasters and Union of Women Teachers. The report, *Teacher Education and Training*, says there is a need for adequate retraining facilities for experienced teachers to cope with educational and social difficulties facing schools.

Mr Frederick Smithies, assistant general secretary of the association, commenting on the report yesterday, said that children of double-income families were often sent to school much too early in the morning and dawdled on the way home to avoid an empty house. Their parents were too tired to give them proper attention.

"Two weeks holiday in Spain or Yugoslavia is no compensation for 50 weeks of deprivation for the child," he said.

In his own teaching days in Northamptonshire, about half the children in his school came from homes where both parents worked. "Where there is a two-income expectation, this means that father and mother have to cope with the stresses of the job they are pursuing, and this often means less time is available for the support of their children," he said.

Double-income parents sometimes showed a disinclination to go to parents' nights at school, he added. Children also suffered because parents were too tired to show an interest in their work and activities, especially at weekends.

Mr Jones, of the Islington law centre, agreed with Mr John Platt-Mills, QC, the chairman of the inquiry, that the inquiry was to "abrogate our efforts."

Asked if prisons had instructions as to what interviews with prisoners should be about, Mr Jones said he had to sign an undertaking that specified the subject. When he saw his client after the riot, four or five prison officers were standing in earshot.

The inquiry ended today. Parole should be given automatically to all prisoners serving sentences of up to three years after the end of the sentence, a pamphlet published today by the National Association for the Care and Resettlement of Prisoners says.

For those sentenced to more than three years, the court should have the power to order that a prisoner should not be released before the end of the sentence without Parole Board approval.

The proposal includes the right of a personal hearing for each prisoner to state his case for parole and bear the costs of the hearing.

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Obstruction of lawyers by prison authorities alleged

By A Staff Reporter

Interference by prison authorities between prisoners and their legal representatives was "entirely wilful", a London solicitor said yesterday when an inquiry was resumed in London into the riot last summer at Hull prison.

"It is to obstruct you as much as possible," Mr Hugh Jones said on the third day of the inquiry organized by Prop, the prisoners' rights group.

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Woman in the news: A canny talent for keeping on top of the SNP

From Ronald Faux
Dundee

The attempt to depose Mrs Margo MacDonald as senior chairman of the Scottish National Party failed even more spectacularly than had been predicted. Delegates at the party's conference in Dundee gave her what amounted to an overwhelming vote of confidence.

She registered more than 200 votes, more than her opponents put together, showing in the clearest way that the rank and file do not believe she is dominating Scottish nationalism to its detriment and that the party should concentrate on keeping an SNP presence at Westminster.

Mrs MacDonald in fact started with a bold move in the campaign to keep her place in the party hierarchy. What would normally have been a mild introduction for delegates as chairman of the opening session of the conference became a blistering attack on conditions in Scotland and an uncompromising statement that independence was the answer. It was a straight, rousing reminder that she was the woman for the job.

"The chairman is supposed to make a few opening remarks, that's all I did," she said, eyebrows innocently raised. It is not for nothing that she is the chief strategist, and delegates made it plain they recognized a canny talent.

Though Scottish nationalism outside Scotland may be as much associated with her personality as it is with Scottish independence, some might consider that a good thing. It takes a canny talent, away from the theoretical implications of self-government.

Mrs MacDonald is aged 33 and has lived and breathed little else but nationalism for the past 10 years. She is plump and cheerful, an eloquent speaker with a ready tongue of brilliantly blonde hair, she is a natural for the television screens and the quick, articulate remarks.

She has the very qualities that would have cost her a fortune from an image consultant but, like others in the party leadership, working for the cause has put a heavy strain on her domestic life.

"Sometimes it hits me what the real implications are and that we are playing with people's lives, but a lot of very sensible folk agree with me. I probably have a lot, and because of that some accuse me of being frivolous, but I

would be quite insufferable if I did not laugh."

Other people seem to think I am getting above myself. I am certain some of my colleagues think this, though not the ones who work closely with me. However, personality issues within the SNP are not out of hand. Scotland is still the most important matter, the sense of perspective is still there, she said.

Mrs MacDonald came to prominence in November, 1973, when she won Govan for the SNP at a by-election. Four months later the Labour Party won the seat back, but that first taste of political life was enough.

Mrs MacDonald pitches her views to the left of centre, which is the policy course for the SNP if the party is to win the essential Labour vote in west-central Scotland. She is reassured by the SNP's ability so far to avoid dogmatic views and class-based divisions. If that gives the SNP an impression of being all things to everyone, willing to listen, offering the ultimate in off-the-peg policies, it also gives the nationalists a manoeuvring room.

The paradox is still there that a majority among SNP supporters do not believe in the party's main platform of independence. Nationalists provided an attractive lobby for disenchanted Labour Party supporters.

"Fair enough," Mrs MacDonald declares, "but we have to build up an independent vote now even if we share fair hearts on the way, what we have declared the stress to come will be the referendum."

Many Scots fear it known, but they win effect of independence must clarify and define what it means, and answer arguments against it accordingly.

Success at this stage decide whether independence became a viable proposition. Scots voters of the SNP's support melted like snow from the pro-dyke. Was the party also the substance the credence to a separate economy, would allow Government to improve Scotland's lot in a way made independence a necessary gamble?

Mrs MacDonald did not lose a slower time, some people thought, steadily, implacably, it came.

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Pym call for devolution committee

From Francis Pym, Opposition spokesman on devolution, urged the Government on Saturday to set up a joint select committee of the House of Commons and House of Lords "as a matter of urgency. It should have the power to send for papers and call people to give 'expert advice' on devolution and on whether a referendum should be held."

He said the committee should consider all options, including federalism, but excluding separation. The one basic assumption would be the continued unity of the United Kingdom.

Mr Pym, who was speaking to a meeting of the House of Commons, said: "The Government must not allow those who regard the benefits conferred by the union as a continuing and vital part of our national heritage and those who do not hold that view to be at odds."

If the Government insisted on going ahead "in a partisan spirit" with a Bill modelled on the devolved Scotland, and Wales Bill, it would either fail or be amended and would be regarded with a "constitutional disaster."

Three United States airmen found guilty at a court martial on 26th of charges in connection with the burning of a Ku Klux Klan-style cross at Lakenheath, Suffolk, have been allowed to stay in the force.

Senior Airman Bernard Popp, aged 21, and Airman First Class Robert Popp, aged 21, were found guilty of conspiracy to "burn the cross and participating in the burning. Both lost \$300 in pay and were reduced to airmen.

Senior Airman Mark Vison, aged 20, was found guilty of making an anonymous telephone call saying "the cross is just a start for the niggers." He lost \$100 in pay.

Charges against Sergeant Gary Faguet, aged 21, have been dropped and the trial of Airman Basic Patrick Ryan, aged 20, starts tomorrow.

Another airman has received a bad conduct discharge. All the accused are members of the Lakenheath airbase security police squadron.

Chess player of 11 qualifies for championship

By Harry Golombek
Chess Correspondent

Nigel Short, aged 11, has become the youngest player ever to qualify for the British chess championship. Last year he won the Manchester county stage of the competition and he has now come equal second in the final stage of the North-West England zone.

It contained nine players and was won by Victor Kozlov, a well-known British championship contender, with 64 points. Nigel Short came equal second with A. T. Luntz, last year's Irish champion, and D. Lees, former Lancashire champion.

Since there were three qualifying places for the British championship, Nigel Short had to play off with the other two.

The performance confirms him as one of the world's leading young players. He has already beaten Kozlov in a simultaneous display.

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Welsh Labour call for price freeze

From Trevor Fishlock
Llandudno

The Welsh Labour Party stayed on the straight and narrow path at its annual conference over the weekend, by rejecting a call for a return to free collective bargaining and supporting the public expenditure cuts, except in the field of education.

The party, did, however, support a resolution criticizing policies that reduced living standards while allowing prices and profits to go on rising and called for a six-month freeze of prices.

The conference said it favoured a system of planned collective bargaining, rather than a return to free bargaining. Mr George Wright, Secretary of the Wales TUC, said that free collective bargaining

would not help the lower paid, or those working in the manufacturing industries in poorer areas such as Wales.

On public expenditure cuts, Mr Neil Kinnock, MP for Bedwellty, said one of the reasons that the Labour Party was doing badly was its inability to keep up improvements in the standard of community living as a reward for a decline in personal standards of living.

The conference, however, rejected a call for a campaign against cuts, and of support for Labour councils that had refused to implement them.

In its education debate the conference supported demands for a range of improvements, especially for expansion of education and day-care facilities for children under five.

Calling for an end to education cuts Mr Wyn Griffith said that employers' demands among school-leaving children still more likely to be read than middle children.

Mr Griffiths said: "has not been a significant improvement in the standard of working children. The cuts mean classes, less money and the inability to carry comprehensive schemes. Labour must put money where its principle is."

Despite the shaking in local elections the past two years, the Labour Party, judging the standard of debate and mood of the conference, at all in low spirits.

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Exams code is sought for dyslexic pupils

By Harry Golombek
Chess Correspondent

A common code of practice for dyslexic examination dates should be introduced, according to a report by the Dyslexia Society.

The report, *Dyslexia: A Guide for Parents, Teachers and Examiners*, says that the current practice of having examination dates set by individual schools and colleges is "entirely unsatisfactory."

On the whole the report praised the concessions made to dyslexic pupils, but said that the current practice of having examination dates set by individual schools and colleges is "entirely unsatisfactory."

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The report, *Dyslexia:*

HOME NEWS

Mortar bomb explodes near homes in IRA assault over border

From Our Correspondent Belfast

A mortar bomb fired by the Provisional IRA from the Republic exploded near a housing estate at Warrenpoint, Co. Down, in Northern Ireland on Saturday.

Three more landed on a golf course, but did not explode. They were dealt with yesterday by army experts.

The bombs were launched from Co. Louth, on the other side of Carlingford Lough. The IRA said they were aimed at Warrenpoint docks, a short distance away. It said the attacks would continue as long as the harbour was used by troops and marines.

It was first thought that the bombs had fallen into the lough. It was not until a golf club official found a bomb on Saturday night that the Army moved in.

The Irish police later found a launcher and two unexploded bombs at the site from which the attack was made. The bombs were defused.

Several bombs landed in the container section of Warrenpoint docks area some weeks ago. Little damage was caused. A mortar launcher and parts of four mortar bombs were found in an arms cache at St. Kevin's primary school, in the Falls Road district of Belfast. A rifle and ammunition was also found in a house in the Twinnbrook area. A man was being questioned last night.

Bomb-making equipment

Study of connexion between poverty and small babies

By Neville Hodgkinson Social Policy Correspondent

Mothers living in poverty are at greater risk of giving birth to small babies, which face an increased risk of mental handicap. An attempt to identify reasons for those links is announced today by the Child Poverty Action Group.

The group has commissioned an investigation at the Nuffield Institute of Comparative Medicine into dietary differences, to try to identify patterns of eating that may put poor families at risk. The money has come from the Cusby Trust, one of the Sainsbury family trusts.

The study will be headed by Dr Michael Crawford. Research by Dr Crawford and others at the institute has already suggested a link between the consumption of lipids (which contain essential fatty acids) during pregnancy and lactation, and the growth of the child's brain.

One food known to be high in lipids is cod liver oil. It is speculated that the withdrawal of the welfare provision of cod liver oil may have contributed to an increase in the numbers of babies of very low birth weight disclosed by recent research.

The action group wants Dr Crawford's study to form part of a wider programme of research that it hopes to com-

found on a beach near Larne, Co. Antrim, was dealt with yesterday by the Army.

Two stores in the centre of Enniskillen, Co. Fermanagh, were destroyed and three others were damaged by incendiary explosions on Saturday. Two other devices were found in a furniture store in the Newtownards Road.

At Rathcoole, north Belfast, the police stopped youth setting fire to a supermarket. The shutters were damaged and some of the stock was destroyed.

The illegal Ulster Volunteer Force has announced an indefinite ceasefire and has urged other paramilitary groups to stop their operations.

There was speculation yesterday that the ceasefire had been right. The group has been in the past a target of further talks between "loyalist" paramilitary groups and the Provisional IRA.

The UVF said it fully supported the call by the Rev Ian Paisley, leader of the Democratic Unionist Party, for a referendum on Ulster's position within the United Kingdom.

Two men were admitted to hospital in Belfast yesterday with gunshot wounds to their right legs. They are thought to have been the victims of a punishment shooting.

Victim dies: Mr Rowland Hill, aged 74, who was shot in the stomach during an armed robbery at a bowling club, has died in Belfast hospital (the Press Association reports).



First scholarship winner: Julia Girdwood, aged 16, of Dalnahooy Crescent, Kirkcaldy, Fife, winner of the Shell-London Symphony Orchestra Music Scholarship, who was awarded the £3,000 prize in London on Saturday.

Five charged with officer's murder

From Our Correspondent Belfast

Five South Armagh men were charged in Newry on Saturday with the murder of Captain Robert Nairn, aged 29, the army officer who disappeared on May 14. His body has not been recovered.

They are Michael Francis McCoy, aged 18, bricklayer, of Forkhill; Owen Francis Rocks, aged 30, labourer, of Killybeg; Gerard Patrick Fearon, aged 19, plasterer, of Jonesborough; Daniel Joseph O'Rourke, aged 21, mill worker, of Jonesborough; and Thomas Patrick Morgan, aged 17, dealer, of Jonesborough. They were remanded in custody to appear at Belfast Magistrates' Court on Wednesday.

Board relents on late entry exam forms

An examination board that had refused to accept a batch of late entry forms from a Hertfordshire college after an administrative oversight has relented.

Officials of the National Nursery Examinations Board (NNEB) were called to the Department of Education and Science after protests by parents of the 54 students on the nursery course at St Albans College.

After a board meeting a spokesman for the NNEB said it had decided to relax the strict rule on not accepting late entries "on this occasion only, in recognition of the circumstances. But this will not set a precedent."

WEST EUROPE

Four party congresses authorize Mr Tindemans to form coalition government in Belgium

Brussels, May 29.—Mr Leo Tindemans, the Belgian Prime Minister, won approval from four party congresses this weekend to form a new coalition government.

Informed political sources said he would probably begin talks with the four party leaders tomorrow and the government would be announced within the next few days.

The discussions will be concerned with sharing out the 20 Cabinet posts, other than the premiership, to maintain a constitutional requirement for linguistic balance between the Dutch-speaking Flemings and the French-speaking Walloons.

Three of the party congresses—Mr Tindemans's own Christian Socialist, the Socialists and the Brussels-based, French language Fronte Démocratique des

Francophones (PDF)—passed the coalition programme without much opposition. But the leaders of the Flemish federalist Volksunie (VF), always the most likely to reject the agreement, had a more difficult task with a third of the delegates voting against accepting the coalition programme.

Flemish demonstrators outside the hall, in which the congress was meeting, carried placards denouncing the party negotiations for selling out to the VF and ending the struggle to reject the proposal. But party leaders called the programme "historic" and said both language-based parties had made compromises.

The dispute was over the government's constitutional changes, reached at dawn last Monday after six weeks of negotiations.

concerned about security in East Europe, as shown by the 70,000 troops in Czechoslovakia. It is also relevant that the East European forces themselves are considerably less well-equipped than the Soviet divisions and are kept at a lower state of readiness.

Another factor is the Soviet desire to stick to bargaining chips for the mutual balanced force reductions talks in Vienna. The movement of about 1,000 T62 tanks into East Germany in 1973 might be explained by this.

A third factor is continuing Russian pressure over NATO's intentions. Soviet military exercises in East Europe have looked like mirror images of NATO manoeuvres, except that the Russians have usually—and conspicuously—overreacted.

The VF, starting Walloon domination in Brussels, wanted the capital reduced to a federal zone with little national influence.—Reuter.

Swedes ward off Soviet demands for hijacker

From Our Correspondent Stockholm, May 29

Sweden is heading on a diplomatic collision course with the Soviet Union over its continued refusal to consider extraditing a hijacker who diverted an international Aeroflot flight to Stockholm last week.

At the weekend, the Swedish Government parried a second Soviet request to extradite the still unidentified 37-year-old hijacker, who the police say wants political asylum here.

On Thursday, he hijacked an AN 24 twin-engine aircraft with 23 people on board after leaving Riga, Soviet Latvia, by pretending he had a bomb under his coat.

Moscow yesterday presented Stockholm with a written request for extradition, which was rejected by the Swedish Foreign Ministry for lack of

"necessary documentation". A proper extradition request, ministry sources said, would involve a formal arraignment document or a decision by a Soviet court.

Authoritative sources said today there is almost no chance that Sweden will return the hijacker to the Soviet Union, because the penalty there for hijacking can be death.

Sweden has not permitted the authorities to extradite foreigners who face cruel punishments, persecution, or possible death sentence, in their home countries, although they can be deported to a third country.

But informed sources said the Swedish Pilots' Association was planning to ask the Government to extradite the hijacker.

The rest of the passengers were flown to Moscow on Friday.

5,000 march to demand nuclear ban

Kaisersgrut, Switzerland, May 29

More than 5,000 conservationists and opponents of nuclear power yesterday began a Whitman weekend march through northern Switzerland, demanding a four-year ban on the construction of atomic power stations.

The marchers, including several hundred from West Germany, set off from this town on the Rhine where protesters in 1975 halted work on a planned nuclear power station by occupying the site for 10 weeks.

On their 30-mile trek to Gengen, site of another projected nuclear plant south of here, the marchers will demonstrate against the planned construction of four atomic power stations in Switzerland and another just across the frontier.

Nationalists look forward to a return of home rule

Who's who in the confusing world of Catalan party politics

From Edward Mortimer Barcelona, May 29

The Union of Socialist Party of Catalonia (PUSC) is actually the Communist Party. The "Socialist Party of Catalonia (Congress)" (PSC(C)) is allied with the "Spanish Socialist Workers' Party (PSOE)" in a pact called "Socialists of Catalonia". It should not, but no doubt will, be confused with the "Socialist Party of Catalonia (Regroupment)" (PSC(R)) which adheres to the principles of the Socialist Workers' Party.

After a board meeting a spokesman for the NNEB said it had decided to relax the strict rule on not accepting late entries "on this occasion only, in recognition of the circumstances. But this will not set a precedent."

even a party with only 3 per cent of the vote can expect to win a seat. In the most thinly populated province, where there are only three seats each, 25 per cent of the vote will be needed to gain representation.

There are 19 competing lists of candidates in Barcelona, but probably not more than seven or eight will win seats.

The essential struggle is between the central Government of Spain and the forces of Catalan nationalism. The latter are more dispersed than the former, but between them they will almost certainly have a majority of the votes.

The outbreak of Catalan nationalism is unmistakable. The red and yellow stripes of the Catalan flag are everywhere, and an evening speaker can be heard haranguing political meetings in Catalan in every part of the city.

The almost unanimous slogan is "Volem l'Estatut" ("We want the statute"). This refers to the granting of autonomous powers to Catalonia by the Spanish Republican Government in 1932. Many perhaps, but not all, consider that it is still legally valid, having been abolished only by Franco's military conquest of Catalonia in 1939.

There are of course groups who would like to go further and make Catalonia a completely independent state, presently extended to include the other Balearic Islands, spoken: Valencia, the Balearic Islands and the Rosellon region of France. But they are definitely a minority.

The main stream of Catalan nationalism, in its present phase, is not separatist. It is a home rule movement, which wants to make Catalonia a self-governing nation, with Catalan and Spanish as equal official languages within a "multi-national" Spanish state.

It wants the Spanish Government to recognize the 1932 statute and the historic autonomy (consuetudinal) of Catalonia, and to allow the return of its exiled president, Senyor Josep Tarradellas, Senyor Tarradellas, who lives in France, has made it clear that he will return as a private citizen but only as president, with a view to calling elections for a new Catalan Parliament.

The Spanish Government, by contrast, has decreed the creation of a "General Council of Catalonia" to consist of the deputies and senators elected in Catalonia on June 15 together with 12 representatives of the non-elected provincial councils. The General Council is in consultation with the Government, would prepare a new home rule Bill for submission to the full Spanish Parliament.

This proposal is at present rejected by all the Catalan parties, but some of them, notably the Communists (PUSC) and some of those in the centre, "Democratic

Pact" led by Senyor Jordi Fajó, adopt a less intransigent tone than others, and are prepared to consider everything on a symbolic restoration of the septuagenarian President Tarradellas.

Senyor Fajó, a 47-year-old banker who spent three years in prison under Franco, has recently been granted an amnesty to develop the modern version of Catalan nationalism, with its moderate and reasonable image, and most observers predict that his vote will get the largest number of votes.

These candidates, led in Barcelona by Senyor Carles Sureda, a journalist who for a short time after Franco's death was a senior official in the Information Ministry, and by Professor Miquel Jimenez de Parga, a well-known liberal lawyer, say that they too will work for autonomy and "the principles of the 1932 statute". But Senyor Fajó regards them as recent converts of doubtful credibility, and complains that the Prime Minister's popularity (as the man who has brought democracy to Spain) and his proposed constitutional reforms give them an unfair advantage.

Indeed, these factors are bound to weigh with some of the many still undecided voters, and perhaps especially with the two-thirds of Barcelona's population who come originally from outside Catalonia.

Surprise and mobility take second place to firepower in Soviet military doctrine

Continued from page 1

concerned about security in East Europe, as shown by the 70,000 troops in Czechoslovakia. It is also relevant that the East European forces themselves are considerably less well-equipped than the Soviet divisions and are kept at a lower state of readiness.

Another factor is the Soviet desire to stick to bargaining chips for the mutual balanced force reductions talks in Vienna. The movement of about 1,000 T62 tanks into East Germany in 1973 might be explained by this.

A third factor is continuing Russian pressure over NATO's intentions. Soviet military exercises in East Europe have looked like mirror images of NATO manoeuvres, except that the Russians have usually—and conspicuously—overreacted.

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Minister facing dismissal in Austrian arms scandal

Vienna, May 29.—Dr Kreisky, the Austrian Chancellor, hinted in a newspaper interview published today that Austria's Defence Minister will probably be dismissed this week after a six-month scandal over illegal arms deliveries to Syria.

A parliamentary commission, according to Austrian newspapers, has found that the minister, Herr Karl Litzendorf, gave Dr Kreisky an incomplete report about the affair.

The Chancellor said in the interview in the *Kronen Zeitung* that "inferences in the inquiry commission's report are that he did not exactly tell me the whole truth. He is decisive as far as I am concerned."

Dr Kreisky has summoned Herr Litzendorf, aged 63, a former Army brigadier, to a private meeting tomorrow. The cabinet and the ruling Socialist Party leadership will discuss the minister's fate on Tuesday.

Parliament will debate the affair on Wednesday, when commission's report will be tabled.

"The people who elect trust and believe me, I can put my good faith in a man because of his honesty," Kreisky was quoted as saying in the interview.

Austria faced its biggest scandal since the last when newspapers disclosed 600 Austrian-made rifles, 400,000 rounds of ammunition were shipped to Syria December with the help of documents supplied by Defence Ministry.

The scandal was attacked by the conservative Opposition inflicting the country's minority by sending arms to Syria. Such sales are banned by Austrian law.

Originally, the arms were intended for Tunisia, but a decision was changed in circumstances that are still clear.—Reuter.

There were no incidents in the rally, held in a crisp atmosphere in brilliant sunshine. The Sudeten Germans mostly in the north-west Czechoslovakia for some years. More than 100,000 were expelled in 1946. The Sudetenland taken over by Hitler in 1938.

Dr Otto Habsburg, the last Austrian emperor, attended the rally.—Reuter.

Portuguese food prices r

Lisbon, May 29.—Portugal's basic food prices were up by more than 35 per cent in the first four months of this year compared to the same period in 1976, according to official figures released today.

The biggest increase was in beef, which went up 45 per cent. Beans, one of the staples of the Portuguese diet, were up by 63 per cent, according to official figures released today.

mechanized infantry, conventional artillery and tanks power, striking at the enemy's anti-tank defences could be marshalled.

They would also strike a heavy tactical nuclear force, which, in NATO's case, would be heavily concentrated in the West.

The partial change in Soviet emphasis from nuclear to conventional weapons was related to NATO's switch from a strategy of massive nuclear retaliation to one of flexible response.

NATO has never found the power or the means to beat its conventional forces to the new strategy in the war.

Both tank and motor divisions in the Soviet Union have been increased in size. Tank units to about 11,000 and the motor rifle unit between 12,000 and 13,000.

Motor rifle divisions have increased their tank strength from 185 to 260 and both have been given new units.

According to Prof John Erickson, of Edin University.

The emphasis has been on motor rifle units, whose mission of arms would be necessary for warfare in urban environment of Europe. Of the 20 new divisions added to the Soviet Army in 1976, 18 have units and the ratio of rifle to tank divisions has risen from 1.8 to one in the 1960s, to 2.2 to one today.

It is also likely that the Soviet Union will increase its air defence, anti-tank and combined arms operations during the 1973 Arab-Israeli War. But it applied the lessons of the war with more diligence than the West.

Sudeten Germans declare their expulsion a crime

Vienna, May 29.—Thousands of Sudeten German exiles held an emotional rally here today to commemorate their expulsion from Czechoslovakia after the Second World War.

The rally, which Czechoslovakia has denounced as being tinged with "neo-Nazi" overtones, was the climax of a three-day programme of meetings and cultural events for the exiles.

The organisers estimated that nearly 100,000 people gathered in front of Vienna's old imperial Hofburg Palace to sing hymns and listen to speeches.

Dr Walter Becker, the leader of the Sudeten German organisation, denied that the occasion provided a platform for revenge or retribution against Czechoslovakia, but "expulsion is, in essence, a crime," he told the crowd.

"Self-determination remains an essential element of human rights, independent of national frontiers and other demarcations," he said.

The Sudeten Germans did not demand that they be allowed to return to it, but they said they wish to have relations with Czechoslovakia.

The Austrian decision to let the rally to be held in Vienna provoked a spontaneous protest from Czechoslovakia, and accusations of other communist countries meeting infringed Austria's claims.

There were no incidents in the rally, held in a crisp atmosphere in brilliant sunshine. The Sudeten Germans mostly in the north-west Czechoslovakia for some years. More than 100,000 were expelled in 1946. The Sudetenland taken over by Hitler in 1938.

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"Self-determination remains an essential element of human rights, independent of national frontiers and other demarcations," he said.

Change of date doubles show attendance

From Our Correspondent Walspool

The first Montgomery County Show to be held on a Saturday drew a crowd of 11,000 at Walspool, at the weekend, more than twice the attendance last September.

The show has been held on a September Thursday since 1902 but the organisers decided to switch to May this year to attract bigger crowds. Mr Ronald Taylor, the treasurer, said, after Saturday's show: "It is one of the best results ever achieved by the county show."

He said the show was a success and the organisers were pleased with the results.

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Radio-controlled train service

A radio-controlled passenger train service went into operation at the weekend on the 15in gauge Ravensglass and Eskdale railway.

The service was inaugurated by Lord De La Warr, managing director of the Rediffusion group, whose subsidiary, Rediffusion Telecommunications, designed and installed the equipment.

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Why 10 pigs went to market and put the farmers' case

Farmers tried to win the hearts and minds of the public with sausages on Friday. They drove through fields replete with buttercups and cow parsley to stage a demonstration about pigs in the most apt setting, a gigantic concrete shopping parade. The farming lobby, however, sense of street theatre and the lure of free sausages broke through the reserve of the shopping crowds.

You can tell they are farmers from the look of them, a by-stander said as the orderly parade of more than a hundred garbed and weathered protesters marched past 10 pigs.

The parade was a reminder that the National Farmers' Union operates one of the most skillful trade lobbies in the country. Shoppers had leaflets from the union's new publicity campaign thrust into their hands. Surprised shoppers had them poked through their windows. "World demand for foodstuffs has forced up the price of sausages, bacon and pork because of the cost of rearing a pig," it said.

The marchers repeated the line about the pig industry being on the brink of disaster, which their leaders are still using after 18 months. Behind the rehearsed replies, however, deep resentment and unease were easily detected.

Pig farmers realize that they are the victims of a political struggle that reaches far beyond the consequences of their competition with Denmark and Holland.

They know that 12 ministers are ready to use their industry as the cracking beneath which to crush Mr Sillan, Minister of Agriculture, Fisheries and Food.

Mr Michael Epsley, vice-chairman of the union's Dorset and Somerset pigs committee, owns a unit of 120 sows, which he describes as "virtually our only enterprise." He added: "I have never known a situation like this. It has put me off pig production so much. The system of trading is so unfair."

Barnes, who farms Army land on Salisbury Plain, said: "I started in pigs when I left school. I kept pigs for 62 years and last year I gave them

Agriculture

Hugh Clayton

up because they gave me hardly any return."

Some marchers said they would abandon pig production if the European Community refused to accept a ban on the hidden British pig subsidy, which will end in less than a fortnight.

Mr Denis Watts, who runs a unit of 200 sows near Bristol, said: "We shall have to make a decision in the next month. Eighteen months ago I was selling pigs at 35p a pound deadweight. Now the price is 34p and feed has gone up 40 per cent."

Many pig units in the western half of the country are second enterprises to dairying. The rapid decline in the milk price over the brighter end to last year, when some farmers invested potato profits in pigs, will entail the loss for a long time of many secondary units.

Mr Robert Phipps, whose family has farmed at Bourton-on-Water for generations, has stopped fattening pigs after making persistent losses. "This is the first time we have gone out of pigs," he said on the march.

"A few farmworkers joined the Bristol protest. Mr James Franklin, a non-union man who works on a unit of 2,000 pigs near Ludgershall, on the Wiltshire-Hampshire border, said: "I think it is only fair that we should support the farmer. If the subsidy is taken off he has got to make money in some other way than pigs, so our overtime is right."

Marchers often concluded their comments with the statement that the pig industry is a "victim of the consumer war." The consumer will have to pay more in the end. This time they are right.

Coxswain's award

Mr Matthew Lethbridge, coxswain of St Mary's lifeboat, has been awarded the Royal National Lifeboat Institution's silver medal, for gallantry last February when the lifeboat carried out a night search close to rocks near the Isles of Scilly for the crew of a French fishing vessel.

Police car death

Mr Bernard McQueenie, aged 63, of Edinburgh Road, Seaford, Sussex, was killed in an accident in Seaford involving a police patrol car late on Saturday night.

Tennis

Incorporating Lawn Tennis Magazine

Can Britain win at Eastbourne?—Federation Cup preview.

Buster Mottram—Britain's enigma.

How to get into tournament tennis.

All in the JUNE issue of TENNIS—Britain's Top Tennis Magazine—on sale now.

OVERSEAS

Mr Vance backtracks on 'binding' US Middle East policies

Washington, May 29 — President Jimmy Carter managed at the weekend to get Mr Cyrus Vance, the Secretary of State, to retreat somewhat from President Carter's latest statements about binding Middle East policies.

In a one-hour call yesterday, Mr Vance said that the State Department agreed that only Security Council resolutions No 242 and No 338—recently created a joint and had framework for future negotiations. Neither of these resolutions, Mr Vance noted, was for precise Israeli withdrawal to the pre-1967 lines for a Palestinian "home-land".

Mr Vance said that he was arguing with President Carter's statement that the US was not making any policy, the less he had called the instructions of the President's caretaker. Israeli officials, Mr Vance said, could not accept Mr Carter's latest statements. The State Department's latest statements, Mr Vance said, were "binding policies" of the US, which came from the Carter administration's resolutions, "the right" of the Palestinians to have a home-land to be compensated for

Likud stand by Cabinet invitation to Mr Dayan

From Moshe Beilinson
Tel Aviv, May 29 — Mr Menachem Beilinson today put down a revolt in his Likud party against the inclusion of Mr Moshe Dayan in the coalition government he is trying to form. But he agreed that Mr Dayan's controversial appointment as Foreign Minister should be kept on ice.

By this gesture he saved the face of outraged critics in the liberal wing of Likud, who had threatened to vote against the government if Mr Dayan was included. It was also a sop to the Democratic Movement for Change (DMC), which has broken off talks on joining the coalition and putting its 15 Knesset votes behind Mr Beilinson. DMC has claimed that the invitation to Mr Dayan broke a Likud undertaking to defer the assignment of portfolios until after the parties in the coalition agreed on a programme.

The DMC leaders are meeting tomorrow to consider the situation. Party leaders refused to say whether the new Likud formula cleared the way for a resumption of the talks.

Mr Beilinson was discharged from hospital today after six days' confinement and the Likud executive met in his house. It unanimously approved a resolution reaffirming that it was the prerogative of the Prime Minister-designate to nominate the party's representatives in the Cabinet. It said Mr Beilinson will submit his nomination to the executive after he receives the mandate formally, probably next week.

His nominations will require the approval of the executive but there is an assured majority for Mr Dayan as Foreign Minister. Mr Leon Dulzin of the liberal wing, who was himself a candidate, said



Mrs Aliza Beilinson opening a way for her husband when the Likud leader left hospital in Tel Aviv.

he would vote against Mr Dayan. Nevertheless today's formula was approved unanimously.

The waves of protests against Mr Dayan's appointment continued today but a ground swell of support also started to develop. Advertisements in the press by private citizens lauded Mr Beilinson for the appointment "without political, personal or historical calculations but for the good of Israel".

Burnt bodies of Angola leaders found in Luanda

Lusaka, May 29 — A manhunt is under way in Luanda for leaders of last Friday's abortive coup by a pro-Moscow faction of the ruling Popular Movement for the Liberation of Angola (MPLA), according to informed sources in the Angolan capital.

The sources, both foreign and Angolan, said there were fears that the death toll from the brief and apparently bloody uprising could be high.

According to Luanda radio, the bodies of at least five MPLA leaders killed by the insurgents, including that of Mr Saydi Mingas, the Finance Minister, have been found burnt in a suburb of the capital.

A senior MPLA official, contacted by telephone from Lusaka, said scores of people were believed to have been killed. President Neto told his countrymen in a broadcast that many people had disappeared.

The Yugoslav news agency Tanjug, which has a correspondent in Luanda, said strategic points in the Angolan capital were still heavily guarded and troops and police were searching passers-by and vehicles in the streets.

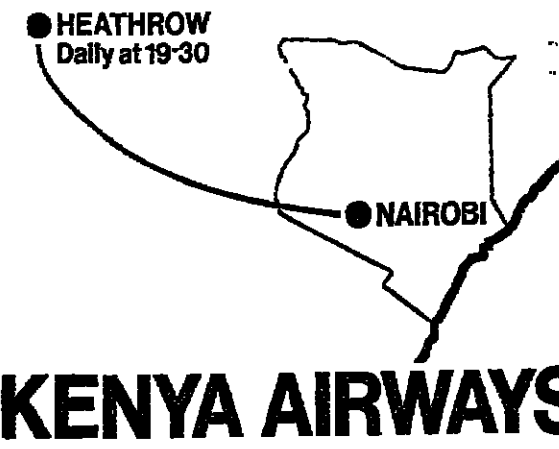
The coup attempt was made by followers of Mr Nito Alves, the former Interior Minister, and a pro-Moscow figure, who was purged from the MPLA Central Committee last week.

Paris: Foreign Ministry officials today denied a report in *The Sunday Times* that France was involved in a plot to overthrow the Angolan Government. One official described it as "story-telling on a slow weekend."

London: A spokesman for the Foreign Ministry categorically denied reports that West Germany was in any way involved in preparations for an invasion of Angola, describing them as "pure fiction".

'Kenya Airways announce the departure of their daily flight to Nairobi'

Fly to Kenya the Kenyan way!
Flights leave London every day at 19:30
on May 1st. From July 1st to Sept. 30th there is
an additional flight on Sundays.
Destinations beyond Nairobi include the
fast-growing holiday spots of Mauritius and
the Seychelles.
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you all the standards of service and protection
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Kenya Airways,
13 New Burlington St., London W.1.
Phone 01-734 3865 or 01-437 8163.



Vary Americans leave Mr Mugabe to British

Salisbury, May 29 — An Anglo-American consultation team seeking proposals for a post-independence constitution for Rhodesia left Salisbury today for Maputo where it acts to hold discussions with Robert Mugabe, joint leader of the Front, nationalist movement.

To overcome Patriotic Front objections to a United States presence, the American member of the four-man team, Mr. Ven Low, who is the ambassador in Lusaka, was understood to be leaving Mr John Graham, deputy under-secretary at the Foreign Office and the two British officials to see Mr Mugabe on their own. Neither British nor the Americans are the exploratory exercise to order on procedural obstacles: the same basis, the team is to have further discussions with officials of Bishop Muzorewa's African National Council before returning to London.

The Anglo-American party is understood to be reasonably satisfied with the progress so far of the exploratory phase.

Following 10 hours of discussions here with a team of Rhodesian Government officials by Mr Jack Gaylard, the Secretary to the Cabinet, it is considered today for a decision to be made on the possible effectiveness of convening a constitutional conference. The team has recently not encountered any stumbling blocks and exercise is proceeding as expected.

Graham and Mr Low, it is clear, according to media sources, that they are interested in any ideas for independence constitution only four fundamental issues: that it should involve democratic election of a constituent assembly; that it should be based on universal franchise; that it should be based on the principle of majority rule; and that it should be based on the principle of self-determination.

Both black and white interested parties have apparently indicated to the consultative team their enthusiasm for settlement and a desire to avoid, if possible, a flight by the white population. According to informed sources it was stressed here by the Anglo-American team that the wider the franchise, the less difficult it would be to incorporate confidence-building measures for the white population into the constitution.

Mr Graham and Mr Low are understood to have emphasized that there was no question now of powersharing and to have been satisfied that Mr Smith's Government had accepted the concept of majority rule.

It was made clear, according to the sources, that in the British and American view the best safeguard for white interests was for a speedily negotiated transfer of power and the consequent build-up of confidence.

Mr Graham later told the *Sunday Mail* in Salisbury that if independence were to be achieved by 1978, it would probably be necessary for Dr Owen, the Foreign Secretary, to present a Bill to the House of Commons not later than the beginning of next year and ideally before the end of this year. However, he added that no deadlines were being set.

When decision on Uganda could not be avoided

London, May 29 — Mr Lewis, who describes as "strains the Commonwealth" are joined by Mr S. Ramphal, Commonwealth Secretary-General, in his report to the Commonwealth heads of government meeting in London next week.

The text, released by the Commonwealth Secretariat, says that there is "a long necessary tradition" of non-interference in members' internal affairs.

It calls for a balance of official judgment between two extremes of decline and silence is sometimes all, but it would be illusory to believe that a judgment could, or should, be avoided altogether. There will be times when one member's conduct

Poland and East Germany in friendship treaty

Gdansk, May 29 — Edward Gierk and Herr Honecker, the Polish and German leaders, signed a "treaty of friendship, co-operation and mutual assistance" in East Berlin yesterday, placing the treaty of 1967, which had another 10 years to run, on a new basis.

A huge rally in Frankfurt this morning, East German and Polish youth were to have pledged themselves to cooperate in the spirit of the new treaty, the text of which has not yet been published.

The meeting on the river, which forms the border between Poland and East Germany, was to demonstrate the close ties between the two states. In another gesture Mr Gierk presented Herr Honecker yesterday with the original scores of works by Bach, Beethoven and Mozart.

The scores, owned by the Prussian State Library in Berlin, were evacuated to a monastery in Lower Silesia during the war and include the manuscript of *The Magic Flute*. They were believed to have been lost.

Herr Honecker reciprocated by giving Mr Gierk a portrait of King John III (Sobieski) and promised that East Germany would look for other treasures relevant to Polish history.

The new treaty can be assumed to follow the framework of the treaty between the Soviet Union and East Germany signed in 1975.

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ricket

[illegible]

By Richard Strenson
WORCESTER: The Australians, with nine second-innings wickets in hand, lead Worcestershire by 144 runs after injury problems for Thomson, the Australian fast bowler, overshadowed events to the field yesterday, when Worcestershire's longest batsmen were unable to translate their good start they were given. Thomson jarred his right elbow hitting on Saturday and, apart from a brief appearance as a substitute fieldman, took no part in the match. Worcestershire were bowled out for 115, which left them 115 runs behind. In the first innings they went in again McCosker mistimed a hook against a bumper from the fifth ball of the innings before the trapped and Davis played out the day.

Thomson has a knack of providing the day's talking point. It is not clear whether his action or not. It is something common to only leading sportsmen of the nature of charisma, personality and the ability to get participation so close to the start of the one-day international matches on Monday.

Thomson was on the ground. Trafford inevitably brought in its wake some debate about his basic fitness.

Thomson made three scoring strokes from the 15 balls he faced on Saturday from the Worcestershire spin bowlers, Gifford and Turner. The latter's left elbow trouble recurred. It first afflicted him in the nets at Lord's.

Thomson's batting had brought his withdrawal from the opening three-day game with Surrey.

Official answers from the Australian management stressed Thomson's problem was nothing to do with the shoulder bone he had injured in the first Test. He was not reaction from his stint against MCC at Lord's.

The comment to which the Australian players were most spearheaded to their attack was again emphasized when Ormrod and Turner, Worcestershire's two main batsmen, were dropped from Pascoe and Malone on an easy-paced pitch. Both batsmen drove and square-cut against the spinners, but they were not too short. Cozier, having his first bowl since the one-day game at Arundel, imposed a brake on the spinners.

Thomson, who was at the bowler's elbow, stood at a brisk



pace, proved too good for the
 batsmen lower in the order.
 Bright, who at 22 is the second
 youngest member of the touring
 party, was dismissed for being
 broken only by the tea interval,
 and finished with five for 91. It
 was an impressive display of
 speed and skill and no doubt
 Bright, who, despite a season in the Lan-
 cashire League, still remains fairly
 raw, has been the only batsman
 to have incurred the only error made by
 Turner, who at 54 was dropped at
 forward short leg. Bright took
 10 wickets in the last 15 overs at
 a cost of 43 runs.
 Turner provided the main spur
 as Gloucestershire's first batsman
 pair passed 100 after 90 minutes.
 A heat haze and sunshine worthy
 of the Mediterranean had given
 the Gloucestershire batsmen a
 boost, and it was not long before
 when Pascoe in his second spell
 had Turner less before he was
 dismissed. Bright came out to bring
 the Gloucestershire batsmen to a
 right-handed catch by
 Chappell at slip. Chappell, by the
 way, confirmed that his knee in-
 jury was the one-legger, and he
 was able to bat in a more than
 off-spin, during medium pace and
 off-spin, mixed which he held a
 flow return catch from the
 Gloucestershire batsmen.
 The rest of the Worcester-
 shire innings was dominated by
 Bright. He kept a steady length,
 which earned him a good
 response, and he was able to
 bat, and towards the end

varied his pace far more than
 he had done earlier. Ormrod's
 stay of three hours and a half
 was ended, ironically, by one of
 his own batsmen, who did not react
 to the fast ball. Ormrod's
 stylish drives marked Ormrod's
 batting, his strokes including 12
 fours.

AUSTRALIANS First Innings
 1. Chappell 111, 2. Bird 45, 3.

Second Innings
 1. Bird 45, 2. Chappell 10, 3.

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Scores on Saturday

Essex, the John Player League leaders, stretched their 100 per cent record to five matches but only by the slightest of margins—one wicket—and off the last but one ball of the day. Lancashire, well served initially by their opening batsmen Wood (20) and Kennedy (48), and later Hayes (51), were later pinned down to 164 for seven from their 40 overs.

Essex began well enough to make victory seem a formality but in stepped the Lancashire spin bowler Hughes who claimed the first wicket on the first afternoon. Cost £100,000 after a 19-run Essex scramble home after Lever and Achell came together

Lord's
A courageous unbroken innings of 43 by Michael Smith at Lord's, averted a complete collapse and brought Middlesex victory by 10 runs over Somerset in the John Player League match. He and Radeley had collected 21 runs from 11 balls before Smith was struck in the face, glancing a ball from Botham. Although he took a single he was forced to retire with a head injury.

During his absence, Middlesex averaged to 89 for six. On re-summation, Somerset's batsmen, Steve Selvey (21), each helped Smith in stands of 40. Somerset never came to grips with their task.

Chesterfield
Derbyshire, needing 13 runs off 10 balls for victory over Kent, managed only 11 to lose at the ground where he scored 16 off an over to beat Somerset by 10 runs. Derbyshire, chasing a target of 151 had struggled throughout their innings but were rescued by a brilliant display of the enterprise of the later batsmen.

Russell and Hendrick, the last wicket pair, helped Derbyshire supporters buzzing with excitement by taking 10 runs off the first five balls of the final over. Hendrick took the first two runs win off the last ball. They could manage only a desperate single.

John Player table

	P	W	L	PPts
Leeds (2)	4	0	0	8
Leicester (3)	4	0	0	8
Nottingham (4)	4	0	0	8
Derbyshire (12)	4	0	0	8
Sussex (5)	4	0	0	8
Warwick (13)	4	0	0	8
Gloucester (17)	4	0	0	8
Nottingham (9)	4	0	0	8
Nottingham (18)	4	0	0	8
Gloucester (19)	4	0	0	8
Warwick (23)	4	0	0	8
Warwick (17)	4	0	0	8
Warwick (24)	4	0	0	8
Hamshire (8)	4	0	0	8
Somerset (4)	4	0	0	8
Warwick (21)	4	0	0	8
Warwick (22)	4	0	0	8

1976 positions in brackets

Scores on Saturday

[illegible]**erbyshire v Kent.**[illegible]

Essex v Lancashire

[illegible]

Sussex v Gloucester

[illegible]

AT GUILDFORD
Survey (4 pts) base Northamp
lat 50 40 00

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iddelex v Sömerset

slower: 14 min	LEWIS	Somerset	by
MIDDLESEX			
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2	Barrow	c. and b. Boham	
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100	W. Gelling	run out	

Glamorgan v Yorkshire
A1 CARDIFF

<p> YORKSHIRE (4 bats), best Yorkshire CLAMOR Wickets Runs out Extras Top 4 Top 5 Top 6 Top 7 Top 8 Top 9 Top 10 Top 11 Top 12 Top 13 Top 14 Top 15 Top 16 Top 17 Top 18 Top 19 Top 20 Top 21 Top 22 Top 23 Top 24 Top 25 Top 26 Top 27 Top 28 Top 29 Top 30 Top 31 Top 32 Top 33 Top 34 Top 35 Top 36 Top 37 Top 38 Top 39 Top 40 Top 41 Top 42 Top 43 Top 44 Top 45 Top 46 Top 47 Top 48 Top 49 Top 50 Top 51 Top 52 Top 53 Top 54 Top 55 Top 56 Top 57 Top 58 Top 59 Top 60 Top 61 Top 62 Top 63 Top 64 Top 65 Top 66 Top 67 Top 68 Top 69 Top 70 Top 71 Top 72 Top 73 Top 74 Top 75 Top 76 Top 77 Top 78 Top 79 Top 80 Top 81 Top 82 Top 83 Top 84 Top 85 Top 86 Top 87 Top 88 Top 89 Top 90 Top 91 Top 92 Top 93 Top 94 Top 95 Top 96 Top 97 Top 98 Top 99 Top 100 Top 101 Top 102 Top 103 Top 104 Top 105 Top 106 Top 107 Top 108 Top 109 Top 110 Top 111 Top 112 Top 113 Top 114 Top 115 Top 116 Top 117 Top 118 Top 119 Top 120 Top 121 Top 122 Top 123 Top 124 Top 125 Top 126 Top 127 Top 128 Top 129 Top 130 Top 131 Top 132 Top 133 Top 134 Top 135 Top 136 Top 137 Top 138 Top 139 Top 140 Top 141 Top 142 Top 143 Top 144 Top 145 Top 146 Top 147 Top 148 Top 149 Top 150 Top 151 Top 152 Top 153 Top 154 Top 155 Top 156 Top 157 Top 158 Top 159 Top 160 Top 161 Top 162 Top 163 Top 164 Top 165 Top 166 Top 167 Top 168 Top 169 Top 170 Top 171 Top 172 Top 173 Top 174 Top 175 Top 176 Top 177 Top 178 Top 179 Top 180 Top 181 Top 182 Top 183 Top 184 Top 185 Top 186 Top 187 Top 188 Top 189 Top 190 Top 191 Top 192 Top 193 Top 194 Top 195 Top 196 Top 197 Top 198 Top 199 Top 200 Top 201 Top 202 Top 203 Top 204 Top 205 Top 206 Top 207 Top 208 Top 209 Top 210 Top 211 Top 212 Top 213 Top 214 Top 215 Top 216 Top 217 Top 218 Top 219 Top 220 Top 221 Top 222 Top 223 Top 224 Top 225 Top 226 Top 227 Top 228 Top 229 Top 230 Top 231 Top 232 Top 233 Top 234 Top 235 Top 236 Top 237 Top 238 Top 239 Top 240 Top 241 Top 242 Top 243 Top 244 Top 245 Top 246 Top 247 Top 248 Top 249 Top 250 Top 251 Top 252 Top 253 Top 254 Top 255 Top 256 Top 257 Top 258 Top 259 Top 260 Top 261 Top 262 Top 263 Top 264 Top 265 Top 266 Top 267 Top 268 Top 269 Top 270 Top 271 Top 272 Top 273 Top 274 Top 275 Top 276 Top 277 Top 278 Top 279 Top 280 Top 281 Top 282 Top 283 Top 284 Top 285 Top 286 Top 287 Top 288 Top 289 Top 290 Top 291 Top 292 Top 293 Top 294 Top 295 Top 296 Top 297 Top 298 Top 299 Top 300 Top 301 Top 302 Top 303 Top 304 Top 305 Top 306 Top 307 Top 308 Top 309 Top 310 Top 311 Top 312 Top 313 Top 314 Top 315 Top 316 Top 317 Top 318 Top 319 Top 320 </p>		
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day's cricket

MATCH
 CASTER: Worcestershire v Sussex (11.0 to 5.0 or 5.0)
 NTV CHAMPIONSHIP
 SV: Derbyshire v Kent (11.0 to 7.0)
 70: Essex v Lancashire (11.0 to 5.0)
 HFF: Glamorgan v Yorkshire (11.0 to 5.0)
 11.0 to 5.0: Hampshire v Somerset (11.0 to 5.0)
 (11.0 to 5.0)
 MOVE: Sussex v Gloucestershire (11.0 to 5.0)
 BIRMINGHAM: Warwickshire v Northamptonshire (11.0 to 7.0)
 OTHER MATCH
 OXFORD: Oxford University v Free Foresters (11.0 to 5.0)
 SECOND XI CHAMPIONSHIP
 NORTHAMPTON: Northamptonshire v Leicestershire

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An Humble
The Beginning
By William

European technology

a Special Report

Collaboration of effort an attractive goal for EEC

Science and technology were recently almost univer-

sally regarded as beneficial to society. Now there is a tendency to focus on the things consequences of to flow from them, as the risks of nuclear

generation and the risks of pollution.

On a personal level, technological changes in manufacturing and process industries continue, in the name of greater productivity, to

replace craft skills, in cases substituting boring and repetitive jobs.

Many of the problems of the world cannot be solved without a massive injection of science and technology.

Nevertheless, the scientific method is used here to avoid the question of the body of knowledge of the laws of the universe and the

risks of research devised to answer the question—Technology is the

application of information by scientists, engineers, technicians, designers, agronomists and many others to industrial processes efficient, to improve

transport systems, and so on. The notion of a

technological revolution, as it is a fallacious one. Different attitudes might

lead towards innovation, in the way new processes are brought to

the completion of the task. It is the territory in the very successful

chemical industry, Swiss pharmaceutical factories and the

car and electronics industries have been so

successful in their inventions are constantly

over, those that are dependent on success—research, development,

production and marketing to become a profitable investment. There are

examples of British genius which did make a commercial

point.

The situation in the British nuclear power industry is a topical case with the present debate about the future of atomic energy. A technical leadership was well established with the world's first industrial nuclear power station at Calder Hall, Cumberland, as a forerunner of a series of gas-cooled reactors built for the Central Electricity Generating Board—well before

any other country had formulated a major programme for generating electricity that way.

A combination of political and commercial and financial arrangements probably played a more important part than anything else in the inability to convert this

lead into a technological success in world markets.

On these arguments the European Community would waste its time trying to foster some abstract notion of a European technology.

Nevertheless there are many ways in which the Economic Commission could lubricate the wheels of those industries which are sometimes

called science-based or technology-based.

In spite of the doubts about some by-products of technical effort, people want better transport, energy supplies, housing, food, medicine, communications, education and so on. In addition, they want less noise from cars and aircraft engines, less pollution of the air and waterways, and

fresh agricultural products. The costs of making technical developments in the established areas of oil, gas, coal and nuclear exploitation, aviation, computers and telecommunications, pharmaceuticals and chemicals are increasing.

Eliminating duplication of effort is therefore an attractive goal and collaboration on large projects would seem an ideal way of meeting the professional aim of the EEC of harmonising activities within the Community.

Some progress has been made through information exchange networks devised by the EEC. A similar idea

of providing technological exchanges to stimulate industry lies behind a new group which has been called the Federation of European Industrial Cooperative Research Organizations.

The argument for encouraging collaboration is similar to that which produced the fundamental research laboratory in high energy physics (the European Centre for Nuclear Research in Geneva) which on May 7 inaugurated its latest £150m machine for experimental work—the

400GeV (Giga-electron volts) accelerator.

With such expensive equipment, this area of research is bracketed with astronomy and space exploration as one of the "big" sciences. Justification for the new machine rests on the proposition that high energy physics in Europe would decay without

building apparatus to be shared among several countries, and on the unspoken assumption that the United States and Russia would then dominate.

The huge machines demanded by nuclear physicists seeking the ultimate particles of matter are astonishing feats of technology and engineering in their own right. They have to be built to accuracies previously unknown in civil engineering, and the development work has yielded new materials and instruments for commercial work.

Although important, they are in no way factors in deciding on the validity of the schemes, but the interchange between science and technology is clearly seen in much the same way as the advances in astronomy by radio telescopes derives from the wartime development of radar.

In their turn the technology of radio telescopes has been adopted for ground stations for satellite communications.

But each of these stages has tended to be more costly than its forerunner, even allowing for advances in micro-electronics and computers which enable measurements to be made that would have been impossible a decade ago.

With inevitably higher technological costs, the high-energy physicists are already considering their next generation of machines that might have to be built as a world laboratory.

A close commercial parallel with the 400 GeV machine is Concorde, which was conceived about the same time and as the next technical challenge in aviation transport.



The political will was necessary to find the money to make the eventual joint development possible.

The Clever Maron, by Professor Richard Scorer, of Imperial College, published by Routledge & Kegan Paul earlier this month. It has some scathing things to say about mindless scientists and hasty technologists who are squandering resources at an unimaginable rate.

He describes as a technological success the tactical use of insecticides sprayed from the air to destroy locust swarms, but the routine spraying of crops

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Pearce Wright
Science Editor



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Independent scientists help to plan against pollution

In examining the actions needed to combat the threat to the environment from further industrial and urban development, the European Commission is working in cooperation with a group of independent political scientists, economists and scientists who form the European Environmental Bureau.

Until recently modern industrial practice has not included in the price of its goods and services the social costs of discharging effluent into the air and water, and of dumping waste on land and at sea. Only a handful of materials has been under regular scrutiny for more than 20 years as big environmental pollutants, and even then the effect of these agents on health is a matter of doubt. For a long time smoke, grit and pollen were considered the main factors in air pollution, and sewage in waterways.

Few people would reject the idea that clean air and water are socially desirable; and in London the fall in the death rate and in chronic disorders from respiratory illnesses, coupled with less damage to the fabric of buildings, will remain as one of the best examples of the benefits of a clean air campaign.

Other forms of air pollution such as photochemical smog have emerged with the increase of motor traffic, generating nitrogen oxides which are an important re-

agent in the process of forming smog under the stimulus of sunlight. Similarly, closure of traditional urban gas plants with coking ovens removed a source of waste liquids polluting streams, only for detergents and other industrial wastes to replace them.

As clean air legislation led to the big reduction in smoke and grit, attention shifted to more specific atmospheric pollutants such as carbon monoxide and sulphur dioxide. Power stations

throughout Britain disperse their sulphur dioxide from tall stacks designed especially to ensure that the gas is diluted in the atmosphere. Although this policy keeps the contamination over the United Kingdom to acceptable limits, the prevailing air currents carry the material across the North Sea to the distress of some neighbouring lands.

The extent to which this effluent spreads to other countries to be deposited in the rainfall, making streams acidic, is a matter of dis-

pute. It illustrates the difficulty of trying to consider pollution simply as a national or local problem. On a much wider scale, the concern about the damage to the ozone layer of the atmosphere from the propellant Freon used in aerosol cans also shows that these subjects are not just regional.

More recently, questions over nuclear waste and North Sea oil development have focused attention on the potential dangers of pushing ahead too fast with a new

technology. Investigation of long-term disposal of radioactive wastes is one of the programmes receiving special support through the EEC research and development funds, and this waste offers serious common difficulties for the Community.

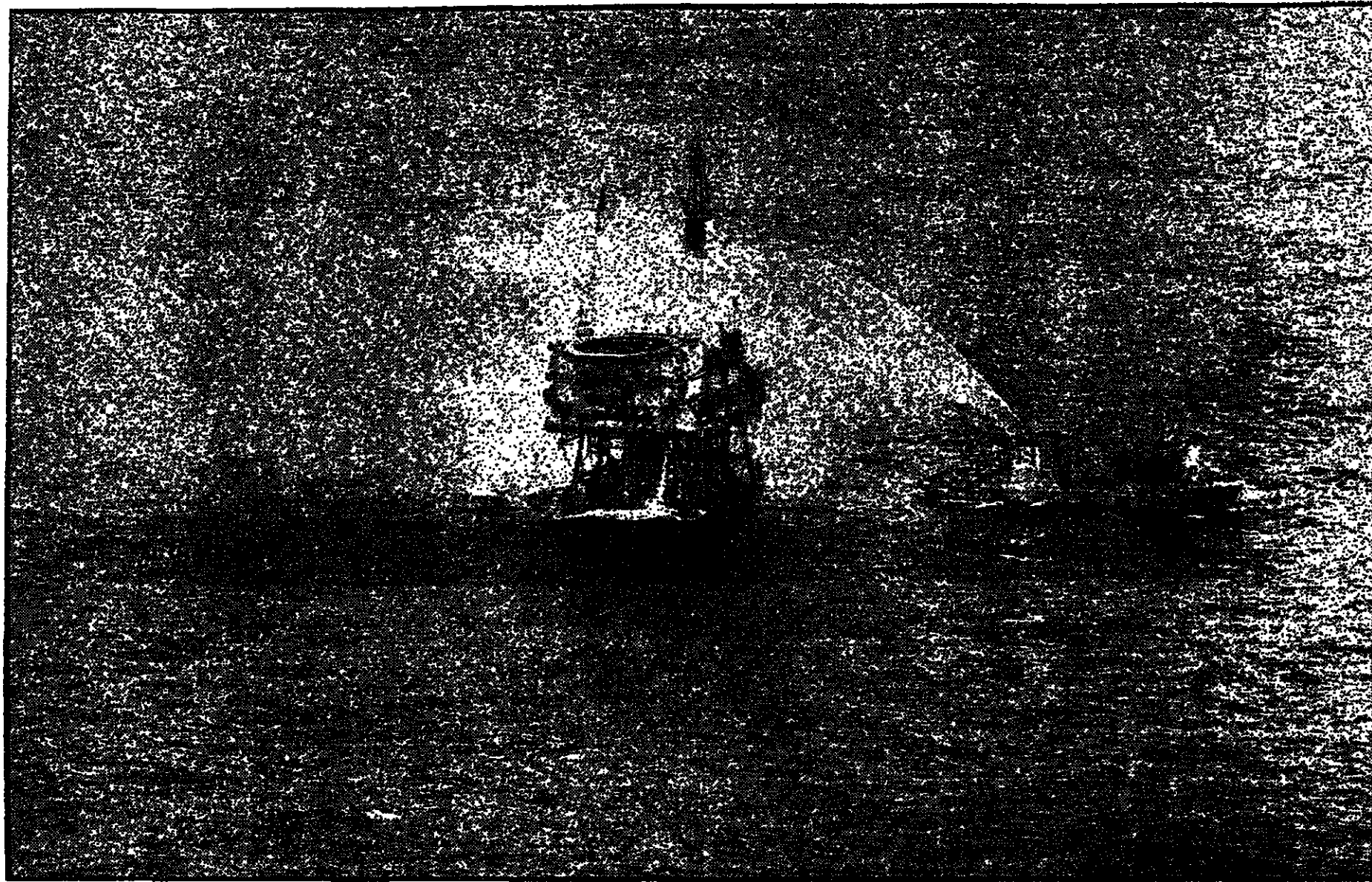
Many European countries are experiencing protest in some guise against an increase in the use of nuclear energy. Public opposition is not limited to nuclear power, but covers the building of other types of power stations and the creation of facilities

associated with energy extraction. Energy exploration, conversion and distribution are prime causes of pollution.

Reservations have been expressed about the principle of making the polluter pay the costs of righting his environmental wrongs and it has not become a recognized European practice. The innovations needed for producing equipment for cleaning rivers and the air will encourage industrial growth (sales of apparatus for monitoring the air and rivers

have apparently increased about 20 per cent a year, but the piecer-mealer is not always a pollution problem. Most oil-spills in oil production and export work are, according to documents of the Organisation for Economic Co-operation and Development, caused by human error: thirds of these accidents caused by men who have less than six months' experience.

Pearce W



The Bravo blowout: the inquiry is expected to bring changes in procedures.

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Ten years waiting for the impossible

In the 10 years since the first oil was discovered in the North Sea, the oil companies had been dreading the incident which occurred on April 22 on board the Bravo oil production platform—part of the Ekofisk oilfield development in the Norwegian sector of the North Sea.

While a crew was undertaking routine maintenance on the well, there was a sudden and so far unexplained, surge of pressure from the oil reservoir 10,000ft below the surface. It dislodged the tons of chemical mud pumped down the drilling hole to contain the oil, and created a 200ft high gusher of muddy brown crude oil and gas.

It took eight days for a team of Texan oilmen to cap the well and bring the oil flow under control. But in the meantime up to 38,000 tonnes of oil were deposited in the sea, causing a 1,500 sq miles oil slick which broke up before reaching neighbouring coasts.

But for the oil industry the damage could be more serious and have repercussions that may spread beyond the oil companies and into every sector of the energy producing industries where greater and greater use is being made of high technology.

On paper the Ekofisk blow-out was an accident that could not have happened, because intricate safety regulations and working procedures should have made it impossible. But as any oilman knows from bitter experience anything that has the remotest possibility of going wrong will almost certainly do so—probably at the most inconvenient time. In this situation, they say, the only way of ensuring that there is never another blow-out in the North Sea is to suspend all North Sea exploration—something that would be unacceptable to the countries whose economies will benefit from the riches that the oil will bring.

No one in the oil industry expects drilling to be suspended, but once the result of the inquiry into the causes of the blow-out is known, they are expecting new moves to investigate their operating procedures and possibly greater controls on the way in which

their offshore drilling operations are conducted.

Outside the oil industry it seems that no one believes that the companies use the latest technology and the strictest operating procedures so that we can prevent precisely this sort of accident, one oil company executive said.

The cost of a blow-out like this can be enormous. The company has to pay the experts to stop the oil flow and foot the bill for lost production and lost revenues. On top of that there is now unlimited liability for damage caused by oil slicks in some countries.

"The ironical thing is that introducing more controls and more supervision cannot rule out completely the likelihood of a blow-out because experience nearly always shows that there is normally a human error somewhere in an incident like this."

Even experienced workers can make mistakes under the strictest supervision. There is no way you can legislate against human fallibility.

The Ekofisk incident is bound to bring renewed questioning whether the men who man the offshore rigs will ever be able fully to control the advanced technological equipment that is designed to prevent accidents and keep the production flowing smoothly day by day. The chances of a failure are minute, but Ekofisk has shown that when the million to one chance does come up the results of the accident could be catastrophic.

Campaigners against nuclear power offer the same argument over the complex control mechanisms for a nuclear power station and the men who operate them.

As the oilman said, the result of more controls and supervision can be only a slowing up of the exploitation effort, and in an industry where there could be a huge shortage before the end of the century that could be disastrous. The race to find more oil must be speeded up not slowed down.

The planners are finding that the advance of technology, particularly into alternative forms of energy, is slowing even without more government intervention. Americans who thought that the example of the coordinated effort to put a man on the moon could be repeated in a similar campaign to

meet the world's energy shortage are finding they were mistaken.

In a recent reevaluation of the world energy outlook the Exxon Corporation said that non-oil supplies of energy are expected nearly to double in volume by 1990, but will still account for only 52 per cent of energy supplied, against 47 per cent today.

That projection, it says, is down from the 1973 pre-crisis outlook despite the higher prices and increased concern by the consuming nations about security of supply. The reasons for the lower figure are delays in evolving policies by governments and "a more experienced view of how few resources can be found and developed."

The Organization for Economic Cooperation and Development (OECD) did not feel able to accept any significant contribution from the broader reactor, fusion power, geothermal or solar power in producing its review of energy prospects to 1995.

"Without passing judgment on their ultimate commercial feasibility, little firm information is available today as to their time lag for development, production cost, environmental cost, or safety to include them in our case", it added.

R. V.

North Sea's ways bring new means

Technology for developing offshore oil reserves in the deep and often stormy waters of the North Sea has undergone a big transformation in the 10 years since the first large oil finds were made. Initially, American technology, developed to exploit offshore oil in the Gulf of Mexico, was imported. But as the extraordinary difficulties of that can operate in more than 1,000ft of water, and waters became apparent, American techniques were modified and remoulded.

It was this realization that the development of the North Sea required its own specialist technology and not merely a larger and stronger version of old North Sea.

American designs that gave European countries the opportunity to enter the growing offshore industry.

Offshore platforms, either of concrete or steel, designed to last the lifetime of a large oilfield in the North Sea, now bear only a passing resemblance to the production units in the Gulf of Mexico, and the latest of them are 70 per cent built and equipped in Europe.

American companies, ideas, equipment and workers are still to the fore in the North Sea but they now face stiff competition from European companies in almost every aspect of the business. Britain and Norway, which control the richest offshore reserves, have used their position of strength to ensure that their domestic industries could compete on an equal footing with the Americans. In addition, all the other important European industrial powers have developed their own capabilities in offshore work.

The result of this combined skill and knowledge has been the extremely rapid development of reserves in the British sector of the North Sea. Output is now more than 750,000 barrels a day and two fields—British Petroleum's Forties and the Occidental group's Viper—provide well over half this flow. Both have suffered from delays in their development schedules through changes in design and the difficulties of engineering in a hostile

environment. But these obstacles have now been surmounted and the fields provide evidence of the progress that offshore technology has achieved.

That technology is moving forward again. Oil companies are already exploring for oil in the deeper parts of the continental shelf, using drill ships and rigs that can operate in more than 1,000ft of water, and their suppliers are seeking ways of getting back to the shore and oil found at these depths. The supply companies are also continually working to refine technology for exploiting fields in the established areas of the North Sea.

Techniques for drilling in more than 1,000ft of water, are well established. Much of the effort in this direction now centres on sub-sea completion systems that would enable production of a large oilfield in the North Sea, now bear only a passing resemblance to the production units in the Gulf of Mexico, and the latest of them are 70 per cent built and equipped in Europe.

The French Comex diving group has done much work in this area and has achieved some success in supplying individual under-sea wellheads that can be linked into the main platform-based drilling operation. This enables companies to drain outlying parts of the reservoir that could not be reached economically from a platform. But Seal still has to persuade any of the large oil groups to adopt its technology for the development of an entire field.

Associated with the moves to exploit oil in deeper waters are the efforts to improve deep diving techniques. The death rate among divers, even in the shallower parts of the North Sea, is a cause of great concern. Research is mainly aimed at the use of mini-submarines to service sub-sea installations and pipelines. American gas to Italy, this project is a danger by failure to gas to pass through the

Intensive research laying pipelines in deep difficult conditions has undertaken by the Norwegians and although has been some success, small-diameter lines of the size and needed to cope with the prolific oil flows from North Sea have still fully overcome.

Swam-Progetti, a subsidiary of the Italian Nazionale Idrocarburi owned energy corp has had some success in deep pipelaying. This been held in depths to 2,000ft in the St. Messina in preparation a number of lines the Mediterranean

Roger Vickers

Energy Correspondent

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Britain leads the way back to coal

Lean energy planners clear power development, for ways of reducing the stranglehold that oil has on nearly all the continent's economies. The coal industry has been built on and for nearly 200 years. It was the principal source of fuel until cheap oil from the Middle East came in large quantities in the 1950s and 1960s. There are still large coal reserves to be exploited and industries, particularly electricity generation, substitute coal for oil. In a report on prospects for 1985, published for Economic Cooperation and Development recently, it is suggested that coal consumption could rise from 6,000 tonnes a year in 1975 to 507,200,000 tonnes at the end of the decade 1985.

The not unlikely event of Europe's nuclear power programme continuing to face difficulties, both technical and political, demands made on coal's electricity generation capacity could be even bringing consumption of coal to 552,600,000 tonnes. The willingness of utility companies to survive the operational and financial advantages of oil and giving preference to coal will depend on costs, which are dependent on deep mining technology to improve productivity and efficiency. According to the OECD, there is a good chance that coal could continue to be used. However, rising coal consumption at level would far outstrip the ability of the power coal industry to the demand. Britain is only one of the important European producers, but a significant increase in productive capacity the next 10 years with results that European production will increase from 116,500,000 tonnes in 1974 to 134 million tonnes in 1980 and 436 million tonnes in 1985. The OECD sees no way in which local output could be increased to meet the needs of the electricity industry if the nuclear programme was wound down. Assuming that nuclear energy takes its share of the market, imports are bound to increase. In 1974, 73,200,000 tonnes in 1980 and 80 million tonnes in 1985. The most coal consumption in the world is in the United States, where a curtailment of nu-

Here comes the sun

increase in spending on research into wave power from £1m to £2.5m by the Government. Last year, the Government announced a new initiative in alternative sources of energy to replace diminishing fossil fuels. A similar effort was made through the which is encouraging investment in solar energy. The Government's initiative to solar power collaborative work is standable for the simple reason that most European countries have abundant sunshine. The rays, whereas wave power is a more local resource. The radiation from the sun reaching the earth's surface is 20 times as much as the energy used in the world. The world's population is a fraction of the energy supply, and the technical difficulties associated with its application are well understood.

ter heaters have been used in many parts of the world, with water circulating through a coil in a flat or down the grooves of corrugated sheet into a tank. But even these forward devices were regarded as uneconomic in the era of cheap oil four years ago. In Israel, with its arid climate and need to conserve water, was beginning to show enthusiasm for installing effective solar heating systems for houses it had built. Since the escalation of oil prices, the solar industry has been rapidly back in vogue. In this area, the British Institute at Tel Aviv and elsewhere.

All solar collectors are in many countries and scale solar power are not new devices. In 1960, a 50 hp solar worked near Cairo, seven parabolic reflectors produced steam for an ion pump. More advanced technology is a one-tonne (one million watts) furnace used in the Pyrenees reaching up to 1,000°C for smelting

operations. Large developments have also occurred in the United States. Thus there is a body of knowledge and experience on which to start to devise an imaginative new generation of solar equipment and applications. One particular phrase gaining currency among energy specialists interested in solar power is "energy farming", and it has been applied to two different aspects of capturing the rays of the sun as an extensive source of supply.

One of them is of great potential value in Europe and embraces an idea for producing crops for both food and fuel. Fuel is obtained by fermenting the remainder of crops, such as wheat or maize crops after the grain has been harvested. The mixture of crops depends both on the region in which the process is to be applied and on the economics of producing a particular plant waste into methane or alcohol.

Support from Brussels includes trials of this type of energy farming with specific crops on plots in Ireland, thus providing the food and fuel instead of cutting non-renewable peat. A combination of crops for animal feed and plant residues for fuel is the attractive approach for Europe to use solar energy. The purpose is to construct various types of solar collectors on non-agricultural and desert areas to generate a secondary fuel for storage, such as hydrogen. Ideally, solar energy would be used to produce a change in some suitable substance stored in the equivalent of a water tank attached to each house. The storage tank would be filled during the summer and emptied during the winter months. Conversion of substances by photochemical reactions to produce a fuel like hydrogen has been demonstrated as a possibility in the laboratory of the Royal Institution.

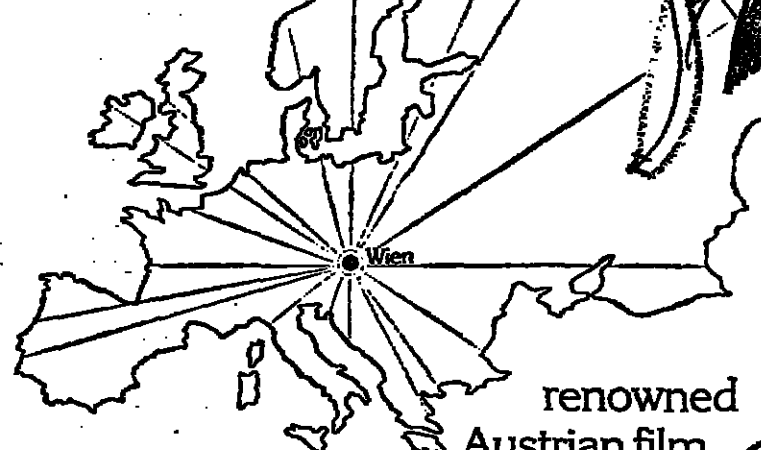
P. W.



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Total assets/ Liabilities	1975 AS	1975 US\$*	1976 AS	1976 US\$*	Change in %
Cash and due from banks	8279	493,8	8164	486,9	- 1,4
Investments	5024	299,6	5743	342,5	+ 14,3
Loans & discounts	15640	932,8	20402	1216,8	+ 30,4
Other assets	1802	107,4	2207	131,6	+ 22,5
Total deposits	28947	1726,4	34296	2045,4	+ 18,5
Savings deposits	20035	1194,8	23306	1390,0	+ 16,3
Deposits in foreign currency	1719	102,5	2039	124,8	+ 18,6
Other liabilities	498	29,7	628	37,5	+ 26,1
Capital & reserves	1300	77,5	1592	94,9	+ 22,5
Balance sheet total	30745	1833,6	36516	2177,8	+ 18,8
Net profit	241	14,4	292	17,4	+ 21,2

* accounted rate of exchange, dated Dec. 31st, 1976, AS 16,7675/US\$

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US curb on nuclear reprocessing intended to contain armaments risk

Most forecasts of energy supplies expect a steady growth in nuclear power for meeting demand, even allowing for uncertainties about uranium supplies and disposal of radioactive wastes.

Japan is usually cited as the type of country needing to exploit atomic energy because it has little indigenous coal and no oil. Its economic and industrial stability is therefore almost entirely dependent on imported fuels. Yet the same argument applies to France and West Germany: poor quality and difficult coal seams in both countries were abandoned during the era of cheap imported oil. No recoverable reserves of indigenous oil have been identified so far, but there are uranium deposits in France being mined.

More than 200 nuclear reactors for power stations are built or on order for 16 countries, and by 1985 the figure should be about 700 in 40 countries. The vast majority of these installations are based on the American design of light water reactors.

A growing proportion of them is supplied by French and German industrial consortia which have acquired licences from American companies. Among the major exports from the two European countries is equipment for reactors, enrichment and reprocessing plant worth \$5,000m in a German-British agreement. A comparable \$7,000m scheme is under negotiation between France and Iran. Having taken the American technology for

their home markets, the French and German industries have improved the reactor design and construction methods to a level where they are eroding the dominance of the United States companies in the world market in an impressive way.

All this activity has raised some rather disturbing questions about the side effects of using so much nuclear power, and they are made obvious by examining what the nuclear power specialists mean when they refer to the "nuclear fuel cycle". Uranium represents the first step in the cycle. The ore is mined, then treated by mechanical and chemical methods to produce a concentrate of uranium oxide for shipment to a conversion plant.

The processes in the conversion plant depend upon the type of reactor to which the uranium is going as fuel: for light water reactors this means enrichment of the material so that the normal composition of 99.3 per cent of non-fissile uranium-238 and 0.7 per cent fissile uranium-235 is changed.

The process of enrichment was perfected by the original bomb-makers because uranium-235 provided one source of fissionable material for atomic weapons. The nuclear powers that have such enrichment factories are the United States, Russia, Britain, France and China. Additional factories have been built under a commercial treaty between Britain, Germany and The Netherlands. Supplying enrichment factories to any country

raises inherent questions about weapons proliferation. Enriched uranium has to be fabricated into fuel rods for power stations in one of many sensitive stages in the fuel cycle until the fuel has been removed from the reactor.

About a quarter of the material in a power station reactor is replaced each year. The spent fuel contains a wide variety of by-products created in the fission process; many of them form short and long-term radioactive wastes. More importantly, the fuel rods still contain useful enriched uranium and plutonium.

After removal from the reactor core, spent fuel is stored for 140 to 180 days in cooling ponds on the power station site to let the short-lived radioactive substances decay to a level at which the rods can be more readily moved. A consignment of fuel can then be sent to a chemical reprocessing plant or placed in temporary storage.

In the same way that the enrichment process was invented to obtain weapons material, the chemical reprocessing of irradiated fuel to extract plutonium was devised for exactly the same reason. Similarly, the technology behind reprocessing is a complicated one and can be done by only a few countries. Indeed, no large-scale plant is operating commercially for reprocessing of fuels from light water reactors at this time. Construction work and plans are far advanced for such facilities.

Some idea of the cost of building an oxide fuel reprocessing plant is given in the scheme prepared by British Nuclear Fuels for its site at Windscale, Cumbria. A plant to reprocess 1,000 tonnes a year is the subject of a public inquiry starting next month. The estimated cost is £300m for a factory intended to handle contracts from overseas customers worth £700m from 1981 to 1990. £500m would come from reprocessing of 4,000 tonnes of Japanese fuel under a contract that is all but complete. The Japanese contract is being shared with French companies, Cogema, with reprocessing equipment at La Hague.

A report from the Nuclear Energy Agency of the Organization for Economic Cooperation and Development estimates that the planned capacity for reprocessing irradiated fuel will have increased fourfold between now and 1986. On the other hand an atomic power station has been described as the perfect Trojan horse for a non-nuclear country which wishes to invade the exclusive nuclear club, provided that the reprocessing equipment to extract plutonium is available.

Fears of this kind were clearly behind the action of President Carter in declaring a moratorium on reprocessing technology in the United States, in the hope of curbing the spread of the technology elsewhere. In spite of the technical difficulties and the time and cost involved, reprocessing is an attractive

one for the long term. Uranium supplies are not in great abundance in the earth's crust. Reprocessing recovers unused fissile uranium and a potential new source of fuel in the shape of the plutonium, which can be used in the next generation of fast breeder reactors.

Unfortunately the waste left from reprocessing is both many times greater in volume than the original fuel elements because it is in a liquid form and is also a particularly messy concoction of long-lived radioactive substances.

Thus there are many complex and interrelated factors in deciding on reprocessing. The separation of uranium, plutonium and waste from spent fuel is not an inevitable procedure. Once material has been removed from a reactor fuel rods can be stored in steel containers in underground bunkers, without converting them into a liquid sludge that has to be stored in a similar safe place but in special double-lined tanks designed with water cooling coils to remove waste heat and with an alarm system to warn of any leakage.

Another part of reprocessing still under development is the creation of a method of embedding waste material in glass blocks suitable for storage in some stable, dry geological structure. Another £45m has been allocated for an installation at Windscale to demonstrate a small commercial version of such a process.

Pearce Wright



The nuclear power station at Trawsfynydd in North Wales.

Delays in fusion of endeavour to create reactor

Controversy has sharpened over the past year within the European Community about the place to build a new research laboratory to house an unusual machine, costing £100m and known as the Joint European Torus (JET).

The bickering gives little confidence for a genuinely cooperative approach to European technology, and the delay in making a decision has almost certainly cost Europe the lead it had in nuclear fusion.

Nuclear fusion is a potential source of energy to be tapped by welding together atoms of light elements to form heavy ones (as opposed to existing fission reactors, which split heavy elements like uranium) with an accompanying release of immense power. The idea behind the fusion process is a seductive one because the reaction depends on using a fuel like deuterium (heavy hydrogen), easily obtainable from the sea, that represents more than one million times the energy content of all fossil fuels.

Often described as an attempt to harness the power of the H-bomb or to reproduce the energy processes of the sun, nuclear fusion research has shown that any potential power station would be based on a materials and engineering technology far in advance of anything in aerospace work or more conventional nuclear power.

The release of energy occurs when a plasma of heavy hydrogen can be squeezed into a high enough density at a temperature above 100 million °C for a thermonuclear reaction to occur.

Since no conventional materials and apparatus can withstand such violent conditions, the plasma has to be contained by enormously powerful magnetic fields. Various research machines have been built to explore the fusion process and to try to complete the three essential steps of fusion: creation of a dense plasma, confining it for a fairly long time by magnetic fields, and raising the temperature to more than 100 million degrees. Some equipment has achieved two out of the three targets.

Fusion physics is one of the true frontiers of science and only a few expert centres are involved in the work. The Culham Laboratory of the Atomic Energy Authority, Oxford; Max-Planck-Institut für Plasma-physik, Garching, West Germany; and to a lesser extent Fontenay-aux-Roses, France, form the main European group.

An important centre is at Dubna, in the Soviet Union. Comparatively speaking the American effort in this subject has been restrained until the start of a big programme in 1974, centred on a project at Princeton. A year earlier the EEC minister responsible for research accepted a proposal for a European team upon long the scene will remain undecided seems impossible to judge.

to be called the Joint European Torus. That group was based at Culham.

Behind this scheme and the resurgence of enthusiasm in the United States lay an important development by the Russians with a device called Tokamak, which does the three things necessary for a controlled fusion reaction. Thus the plans for JET and new experiments in America, Russia and Japan all reflect Tokamak principles in their particular design of machines.

An international technical meeting a year ago to discuss the different plans showed that JET was ahead of any other proposals. It was apparent to some of the engineers and scientists that fusion power had become a practical possibility at last, with the American Energy Research and Development Administration forecasting the construction of the first commercial fusion reactor within 25 years.

By unhappy coincidence, the rising enthusiasm for those working in fusion research became matched by an outbreak of political chicanery within the European Community of the worst kind.

The European Commission, together with the Italian Government, put a proposal to the meeting of science ministers for the Joint European Torus, designed by Dr Rebut's team, to be built at Ispra, near Milan. Ispra is one of the EEC's own laboratories which had a shortage of work; but with no experience in fusion it was the last place to have warranted consideration.

Nearly a year has been wasted in agreeing a number of other research projects for the Ispra laboratory before the Italians would agree to support any other site.

The obvious places are Culham and Garching. There is some advantage in the former because the design team has settled there and the laboratory is the most experienced centre in fusion in Europe. The laboratory at Garching is a centre of equal excellence.

However, a new large German machine is being introduced over the period when work on JET construction would be at its peak. On this basis the site at Culham provides arguably a more convenient place without competing for resources. There certainly seems little chance of completing JET by the 1979-80 target originally set.

It might just have been possible after settling the dispute over Ispra. Unhappily matters worsened in March when the French unexpectedly objected to Culham as the site. Like everyone else, the French want to build a Tokamak type machine. Their choice of site at Cadarache is not renowned in this field, but in making it the national fusion centre the French would transfer plasma physics research work from Fontenay-aux-Roses. How long the scene will remain undecided seems impossible to judge.

The sad thing is that the opportunity has been lost for maintaining a genuine European momentum in science and technology. No matter how much progress is made by other countries, there will be a need for a project like JET if fusion energy is ever considered worth further development. The purpose of JET is to bridge the gap between fundamental research and machines now in use and the potential commercial reactor for use after the steam-raising section year 2000.

Part of the JET programme is to answer some fundamental questions re- about fusion physics. Just in the same way, fusion nuclear reactors can be used to drive electrical generators, so the fusion reactor provides the same fuel in practice the once-least in the thermodynamic reaction which occurs in a doughnut-shaped machine that then goes to the steam-raising section of a power station.

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Successful aircraft but few foreign orders

Aerospace has done more than any other industry to further the dream of a united European technology, but political and economic forces now seem to be conspiring to leave the dream unfulfilled.

The roots of combined aerospace in Europe can be traced back to the first years of the 1950s when France and Britain, discovering that they were working along parallel research paths towards a supersonic aircraft, agreed to pool their national resources. From this decision the Concorde was born.

There followed a succession of other joint projects—the European Airbus, the Jaguar fighter, three military helicopters, and the multi-role combat aircraft, now known as the Tornados.

In spite of all the technical difficulties of researching, developing and constructing such a succession of complicated vehicles across national frontiers, every one of the aircraft in that list has worked well. But with a few minor exceptions none has penetrated markets outside those of the constructor-partner countries, and there is no enthusiasm among the partners for follow-on projects.

To develop the supersonic Concorde and make it fly with as much freedom from trouble as it does in service with British Airways and Air France was a magnificent achievement considering the advanced nature of the aircraft and that the two production centres were 800 miles apart, in Bristol and Toulouse; furthermore, that the two teams of workers had different languages, different systems of measurement and different national philosophies.

Sixteen Concorde have been produced for sale, eight in Britain and eight in France, but apart from nine which have been taken up by the "captive" national airlines, there have been no outside sales so far. The manufacturing companies on both sides of the Channel have plans for a bigger, quieter, second-generation Concorde but, not surpris-

ingly, the partner governments are not prepared to plough more money into new developments until the existing aircraft have been disposed of.

As with Concorde, the principal buyers of the Jaguar fighters have been the air forces of the partner nations, Britain and France, although a few have been sold in South America and in the Middle East. Jaguar was a competitor in what came to be known last year as the fighter sale of the century, but various European Nato partners chose to buy an American aircraft, the F16.

Some orders have come from abroad for the helicopter types—Puma, Lynx and Gazelle—which France and Britain have been developing jointly, but efforts to promote a new Anglo-French company which would extend these basically military types into the civil market had great difficulty in getting under way.

In the case of the Tornados, the swing-wing fighter-bomber which is being jointly developed by the aircraft industries of Britain, West Germany and Italy, there are no foreign orders so far to back up those for the air forces of the three partner nations—although there is still plenty of time. Tornado is not due to go into squadron service in Europe until the end of the decade.

Another technological success within European aerospace is the A300 Airbus, in which five countries—France, West Germany, Britain, Holland and Spain—have collaborated. Again, the aircraft works well and, with its two American General Electric CF6 engines, is remarkably economical on fuel. But sales have been slow (eleven airlines have placed orders for it) and, although further versions besides the two made so far have been discussed, no action has yet been taken.

There are other examples of European aerospace collaboration, such as the F28 airliner, the single jet military fighter/trainer, and various equipment and avionics electronics packages, but it would be wrong to

say that a combined aircraft industry has become reality on the Continent.

Against this concept have been considerations of national pride and prestige, and lengthy decision-making has led to opportunities being missed in the international aircraft sales market which looks for quick and vital commercial decisions.

When the cost of aerospace was within reasonable bounds, the Europeans found difficulty in making up their minds. Now there is more accord through the EEC, the cost of aerospace is too high for even a consortium of European nations to afford it.

The chance of establishing a European aircraft industry has now gone, almost certainly for good. The trend will be for worldwide collaboration on new projects, and this means co-operation with the industry of the United States which, with all its resources, cannot afford to develop new airliner projects on its own any more.

The trend is already visible in Europe. In exchange for choosing the F16 fighter, rather than a European aircraft, the European nations have picked up a large share of the manufacturing. Aeronautica, the Italian aerospace group, has contracted to take 20 per cent of the proposed Boeing 747 wide-body airliner, and Boeing is looking abroad, mainly at Europe, to place a further 29 per cent of this project.

It is a trend which has its drawbacks, and its advantages, for European aerospace. The big drawback is that the aircraft manufacturers of the Continent are in danger of losing their technological knowledge as innovators, and of being reduced to sub-contractors to the industry in the United States. The advantage is that costs are shared, and the biggest aircraft market in the world, the United States, is opened up—a market which has never been penetrated in depth by European aerospace companies in the past.

Arthur Reed
Air Correspondent

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Major surgery needed if steel is to compete in 1980s

Steel industry is in a critical condition. The price of its product varies from one country to another and both national governments and EEC Commission are expected to be required over the next few years if it is to retain a viable competitive steel industry for the 1980s.

The past few weeks the nation has carried out a series of measures under the direction of the industry committee, aimed at alleviating the difficulties of the industry and laying the basis for a strengthening of through rationalization restructuring.

France has been leading for Community time for over a year and time will tell whether measures that have been taken between the steel industry and the Commission be sufficient to cope with the crisis which has led to production falling heavily financial losses, time working and redundancy throughout the industry.

Europe's steel industry is alone, however. The United States and Japan have both been struggling against the serious deterioration in demand for their products, which is being regarded as a crisis. Fluctuation but a fundamental change in structure of demand.

Literatures of steel by the industry last year, 13.4 per cent less than 1974; Belgium and Luxembourg steelmakers suffered a 22 per cent drop in their deliveries over the same period. German steel makers' deliveries fell by 19 per cent, British by 14 per cent, and those of the United States and Japan by 5 per cent and 6 per cent respectively.

The financial losses incurred by the leading steel-making companies against this depressing background have been substantial. The British Steel Corporation, after its record loss in its 1975-76 financial year, had hoped at least to break even in the past financial year. That dream proved impossible to realize and instead the corporation lost more than £100m in 1976-77 with prospects for the first half of the present financial year just as gloomy.

In Europe the picture has been similar. France's Usinor concern turned in a loss of £140m last year; Salginner of West Germany a loss of £25m; Cockfield of Belgium a loss of £31m; and only August Thyssen of Germany, helped by sales on its engineering activities, was able to produce a profit amounting to £70m.

The established steel-making countries of the world have both been struggling against the serious deterioration in demand for their products, which is being regarded as a crisis. Fluctuation but a fundamental change in structure of demand.

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Under the plan, the Commission will set a mandatory minimum price for steel reinforcing bars, which are a widely traded international commodity, imports of which have created a particularly serious difficulty. The Commission will also set indicative minimum prices on a range of other steel products.

Besides action aimed at stabilizing the price of key steel products, the Commission is introducing measures designed to tighten control and surveillance of import levels. Member states of the Community which have to import certain sensitive products from non-member countries will be required to submit an import certificate, which is issued for any quantity of steel requested within six days of the application being filed. Also, the EEC countries will be required to inform the Commission of the value and quantities of the licences granted and of the level of imports.

The Community, in consultation with producers, will seek to enforce reductions in output by the leading European steel producers. In the longer term, the EEC will try to ensure an overall restructuring of the industry by regulating the level of new investment and seeing to it that old and outdated production facilities are phased out of operation.

Structural reorganization is the keynote of the policy to be pursued. It is only conceivable within a Community framework which will guarantee its cohesion and hence minimize its cost while at the same time safeguarding the essential unity of the market.

Visconti Davignon, told the European Parliament last month, the Commission will also fund as well as from national governments will be made available to assist in the redeployment of workers from the steel industry over the next few years. The United Kingdom Government is strongly supporting the Davignon plan, with the proviso that it will do so only as long as the plan does not jeopardize employment and market share objectives already agreed with the British Steel Corporation.

The corporation plans to spend £3,000m over the next five years on new steelmaking investment. Spending this year will be about £600m. The Government and the corporation have already agreed on the phased closure of a number of old steelmaking plants.

The French have announced a 12,000m franc programme for the reorganization of their steel industry, and the French strategy will involve the phasing out of about 25 per cent of the industry's annual capacity of 34 million tonnes.

In every industrial period, the European Commission argued in a communication to the Council of the Communities a few months ago, certain industries play a key part in the development of an economy. Today the key industry is the electronic trio of data-processing, telecommunications and advanced electronic components—which together provide the processing and communication of information.

The Commission was sketching the background to its proposal for a four-year programme for the development of data-processing in Europe. In the face of dominance in this sector by the United States—indeed, by a single United States company, International Business Machines—the Commission emphasized that Europe must be carefully selected in its response.

Taking the trio of electronic industries together, the Commission pointed out that the character of European society would depend on our skill in these new technologies, with their almost limitless possibilities. Most industries and many services would become dependent on them, and their growth rate was such that by 1980 they would account for more than 6 per cent of Europe's gross national expenditure.

The three industries are converging and becoming interdependent. The telephone exchange is becoming a computer; the telephone head will become a data terminal; and a vast new range of peripheral devices is opening up new areas of distributed computing and communications.

Similarly, the external challenges in these three industries are closely related. In all three cases, American industry is in a strong position—from a massive home market and (in the case of computers and components) from heavy federal government purchasing and support for research and development.

In all three, also, the industrial effort of Japan is providing a formidable new competitor. The competitive industrial challenge also has common elements. IBM, already dominating the world market in data-processing, is also one of the largest components producers in the world and is mounting a significant challenge in telecommunications through its electronic PBX exchanges and its new interest in communication satellites.

The scale of these challenges requires a joint European response, the Commission argues, which must contain elements common to all three sectors. On data-processing, also known as "informatics", the Commission points out that expenditure is growing at about 13 per cent a year. By the early 1980s, it could account for about 4 per cent of the Community's gross national expenditure, and the industrial market for data-processing equipment and services worth about £4,000m.

Within this total, the growth of the mini-computer market is shooting ahead at about 30 per cent a year. By the end of this decade, the market for mini and micro-computers, terminals and peripherals—“periformalics”, in the Brussels jargon—is likely to account for more than half the value of the total market. And that sectoral total will itself exceed the entire in-

Electronic trio plays key part in economy

More than a manufacturer who dominates the world market base for central processors, can also shape, limit and control the market for many different types of terminals and attached peripherals if that manufacturer continues to control the standards, interfaces, and software which condition information and communication systems as a whole.

Against this background, the proposed European programme has two main aims. First, to develop standards, procurement policies and other policies concerned with the environment of data-processing, in order to achieve maximum choice and competition for the user, and the market opportunities open to suppliers of equipment and services.

Second, to promote the collaborative development of new applications and joint industrial initiatives by the European-based industry, in order to achieve maximum choice and competition for the user, and the market opportunities open to suppliers of equipment and services.

Thus between 1978 and 1981, the Commission proposes, common Community-wide standards for data processing will be created. These of IBM have been the de facto industry standards up to now. In particular, a common computer language for “real-time” programming should be developed as a first priority.

Coordination of national procurement policies leading to competitive tenders from a wide range of countries is also proposed.

Community funds should provide from 20 to 30 per cent of the cost of appropriate collaborative projects in new computing centres, and for certain joint software schemes. As for the hardware industry, the Commission again proposes its interest in the “periformalics” sector, proposing research and development support for new products—provided that they are jointly developed by two or more countries.

Fergus Owen
Technology Correspondent

MIRALANZA

THE FUTURE AS A TRADITION

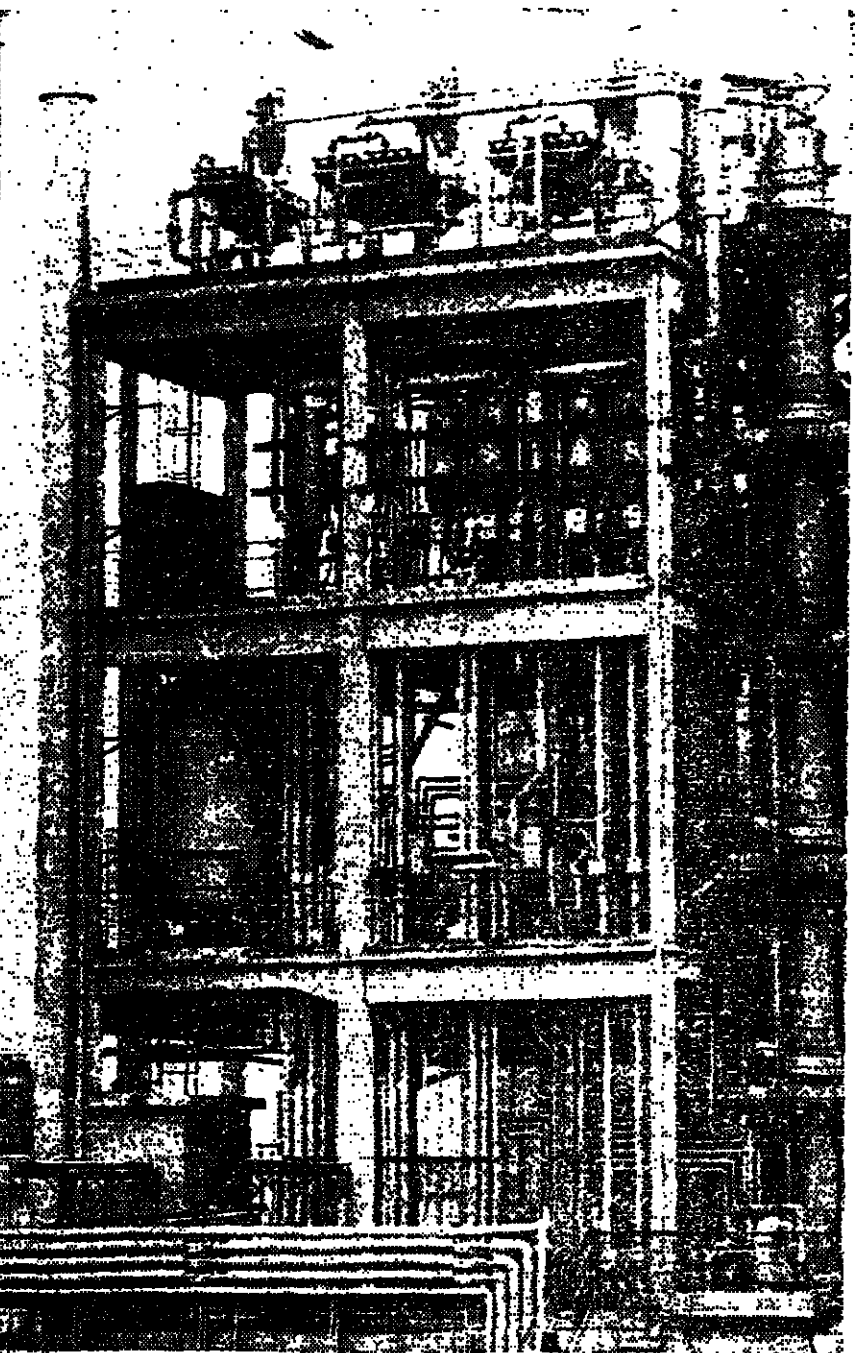
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Network will provide facts and figures throughout Community

Data-bases are files of information which are held in computer systems. Since remote access to computers is now a commonplace (by the public telephone network or leased private lines) these data-bases can be investigated by users with computer terminals who may be many miles away from the central databank.

Already data-bases holding scientific and technical information are in routine use by scientists and engineers in industry, government and research establishments. And, since science and technology is an international activity, international links have developed to give users access to files which may be held in other countries.

Hence Europe's interest in collaborative schemes for providing access to the increasing number of data-bases which are maintained and are needed in the countries of the Community.

An example of the type of system which is available at present was demonstrated by the European Space Agency (ESA) at the international air show at Farnborough last summer. The agency's research institute at Frascati, Italy, holds 12 data-bases on its computer which together contain about 100 million references to scientific and technical literature.

These data-bases are leased by ESA from organizations such as the National Aeronautics and Space Administration and the National Technical Information Service in the United States and the Institution of Electrical Engineers in the United Kingdom. They cover a range of subjects including aeronautics, chemistry, electronics, engineering, environmental science, metallurgy and nuclear science.

For the effective use of data-bases, good communications are clearly essential. To serve a variety of users in a flexible way, this means a carefully designed network.

An experimental system known as the European Informatics Network (EIN) has already explored some of the advanced telecommunications technologies and computer-to-computer communication techniques that are involved. This network links computers in research laboratories in various countries, including the National Physical Laboratory at Teddington, a recognized centre of special knowledge in data networks.

After EIN, Europe's main data-base network programme, known as Euronet, has been developed. It has three main aims: first, to provide users anywhere in the Community by video or keyboard terminals with direct access to scientific, technical and socio-economic data.

Second, to integrate existing and future on-line information services in the Community into a commonly shared network on a cooperative basis; and third, to make available for the first time a large variety of services operated on widely differing host computers in many different countries by a single network.

The basis of Euronet will be an efficient, international data-transmission network. As the first such system to be set up jointly by the post and telecommunications authorities of the nine member states, the network is regarded as a breakthrough in international data communications.

It will link information processing centres and user terminals across the Community, in both the public and private sectors. It is expected that by mid-1978 about 100 data-bases will be available on-line through Euronet.

In the United States there has been a dramatic rise in on-line data-base queries in recent years, as the computer-based information systems have developed. The rate of on-line queries there, it has been reported,

has grown tenfold within the past three years—from 100,000 to one million a year.

In Europe, the Commission authorized a study in 1974 into the potentialities of this new market. Results indicated that by 1980 there would be a demand from users for about two million on-line queries to data-bases of scientific and technical information, increasing to four million by 1985.

Euronet is being designed to appeal both to the user (who needs on-line access to data-bases), and to the data-base operator (who seeks wider markets for his information services). In effect, the network will bring user and operator into contact.

Initially the network will have main switching centres at Frankfurt, London, Paris and Rome; and smaller connecting units at Amsterdam, Brussels, Copenhagen, Dublin and Luxembourg. More than 20 operators offering well over 100 data-bases have said they intend to join Euronet. Their subjects include medicine, chemistry, engineering, textiles, agriculture, socio-economic data, legislation, environment, electronics, physics, metallurgy, aerospace, nuclear science and patents.

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The wrong way to rekindle the spark of life in the ruins of Liverpool 7

By the time any action was taken to counteract this urban decay, it was too late. The massive increase in the economy added large scale unemployment to Liverpool's problems, and if new industry was going to go anywhere, it would be to the new centres of population, not to areas which had been denuded of a large part of their potential workforce. And in the wake of dereliction came all the social problems of today—poor schools whose reputation was long overruled by disaffected fathers and

Liverpool's comedians like Tommy Handley, Arthur Askey, Robb Wilton and Ken Dodd, have kept the community from revealing their pain too openly in the past. But neither comics, entertainers nor even the success of the local football club can any longer disguise the deep hurt felt by a community which has been intimidated and even negated by the city's industrial makers. Bill Sefton with considerable knowledge of the area is entitled to his vision, but now back in London I wonder whether the scouser will wait patiently for another 10 more Basildon.

The author is Labour MP for Basildon.

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ence of move towards majority rule in South Africa.

Finally, Vice president Mondale, who was reluctant to

the West. It is a conviction firmly held by many South

enlightened opinion within the ruling National Party which

Mr. Vorster's public posture remains one of extreme con-

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complaint: the bar was generally deserted, all the players being too busy buying and selling.

The occasion was greatly enhanced by the keen participation of Lord Rosebery himself and his family. In addition to fixing the lighting (an elaborate electrical achievement), the car rolled around the sale tent and

May has been an exceedingly London. Viewing much of the United States has enabled proper dramatic perspective, me that the plots and subplots would have delighted the vivacious

the bidding.

As far as the art market is concerned, the Mennouze sale is likely to provide a reference point for several years to come. The supreme treasures of the Augustus Rex desk, the Franco-Flemish gilt bronze ebony cabinet, and the Drouot portrait of Madame de Pompadour, were acquired by the

A gentle man.
That's what it is.
That's such an
He spends more
Observing fear
He gives great

cession to the factory's auction
in the form of changes, many of
quartz beads embellishing the
four handles, one sold for
\$45,000, and the other for
\$60,000, both to an unnamed
English private collector. The
other really extraordinary piece
was the Louis XV. clock with
its singing birds in an orange
tree, which went to Nazaria

And early eighteenth century items.

Among the works of art, the huge prices paid for amber, unlikely to send dealers scurrying round the world looking for more. Otherwise the account is very much the fine craftsmanship, but the range of wares: Limoges enamel, rock crystal.

IN LONDON

I whispered into Carver's cup about Sir Peter's fitness for the job. He did proceed to pen it as I said. But phrased his first report in that all could talk; I told Sir John. His rival declined to do what

offer but, in broad terms, the Government was offered the house and contents in return for a check £220 to Lord Rensley; this seems to be roughly equivalent to a market value of £425,000, asking taxes and the commission into account. As a result of the sale, the house and its contents appear to have

same muddle is to be an
over other great
of houses. The present re-
system has called this up
into being; it is a
government should
duce legislation to resolve

Gerardine Nor
Sale Room Correspondent

ers written by the Lord
an who heads the NEB,
all the gold. Already we
running into all over town
to be questioned in the House.

Callaghan :
It is done.
Jury :
Then I am glad.
*(Some months later, Callaghan is claseted with
Master Owen.)*
Owen :
My liege, you will recall the other day
When I flew in that fast but noisome plane
To go and beard in his exalted den
The lion who leads all the Americas—
You will recall we did not think too high
Of good Sir Peter Ramsbotham, who sits
The envy of our people in that place.

To which fate had advance'd him, Ramothorn
May then be switch'd to some exalted post
Of little consequence. Send him away
To govern a remote colonial isle,
Where he may strut and prance and play the
King
O'er all he does survey; where he may watch
The birds and sing his lays to the heart's ease.
The birds and sing his lays to the heart's ease.
Callaghan: the deed be done.
Callaghan:
I'll do it then.
(A few days later, Callaghan is cloaked with
McAffrey.)
McAffrey:
Our scheme has gone awry. When, as you bid,

And should remove the hear from us a bit.
But look; a messenger comes with more news.
Messenger:
My lords, my lords, stay please and hear me out.
For I have seen tomorrow's *Daily Mail*:
How from the papers And on the very front:
That they will take up the matter again:
It seems that British Island will be the ones
Who make these chariots with fish wheels.
Have paid huge sums of gold to those
Who would.
Buy these vehicles from them. So much gold
Has flowed to traders on the Barbary Coast
That Leyland have set up a special fund:
To handle it. The paper prints today

Comes Master, English of the Daily Mail.
An editor brought her by subterfuge.
Our Washington ambassador, you'll be
for in this trade we call diplomacy.
There's much of gross decent and in
hand.
Mark this does seem to be what it is not
Some good-sounding might soon come
to be in the end of the world.
And if you fail it does not matter much.
Our rivals here are ended. Off you go.
While I announce these verdicts on the
(Exeunt)
*Some corrupt follies have an extrinsic
in the beginning of this world.

[illegible]

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NO PLACE FOR BULLOCK IN PAY BARGAINING

David Wood

capable of a sensible equilibrium in the less-contested sphere of foreign relations. India's tendency to lean towards the Soviet Union—which Mrs Gandhi tried last year to correct—has now been further adjusted. The insistence on a true policy of non-alignment is a mark of a new self-confidence. The old anti-American emotions are brought under control; China can be dealt with equally as soon as the government in Peking knows its own mind. The important thing given is that India's present maturity can avoid both dependence and arrogance.

It will be less easy to translate these attitudes into the intractable Indian economic and social spheres. Apart from Mr Desai's determination to make agriculture his first priority he is not a leader whose choices are likely to be popular or always well-calculated. He is still very much a member of the old guard of Congress with his puritan attachments and his banking and insurance background. In the back ground is Mr. J. P. Narayan whose advice and direction can also hardly be enough to hold together so heterogeneous a grouping of parties and individual ministers, some of whom have been so long practising techniques of opposition as to find office almost disturbing. Nor can it be said as yet that this government marks any real break with the highly centralised and jargon-filled English-speaking ruling class that has run India ever since independence. But unlike other governments it will face and can profit from a more alert and critical public than any before. Unlike other governments it may also be more aware of Indian needs and more responsive to them.

BARGAINING

reject the idea of a compulsory imposed uniform formula. They both rightly make the elementary democratic point that any system must be based on the rights of all employees to vote for their representatives. Both suggest that in initial years at least all that is needed is enabling legislation to allow various patterns to be tried. It would indeed be folly to embark so profound a change in the structure of industry without far more experience, for which the study of foreign models can never be a substitute.

There is not yet anything like a consensus in industry on how the goal of participation should be pursued. The CBI still holds that any legislation should begin by establishing machinery below board level only. It is hard to see how such a fundamental reform could work without some degree of acquiescence from both sides of the ledger. Such a low level of acquiescence is an acceptable basis for legislation. But this summer's White Paper is all too likely to be withdrawn up with only one eye on the matter in hand. It would be grossly irresponsible to use as a matter of such importance merely as a makeweight in bargaining over some shabby agreement over one more year's pay restraint.

Brussels officials chose West German practice as their model for the proposed new Euro-law. The Lords report explains (in cut a long exposition short) that: "The difference between the Commission's economic definition of a group and the legal definition used in the United Kingdom's Companies Acts is undoubtedly the most contentious issue. The two definitions would appear conflict, and there are widespread doubts whether the Commission's proposed compromise for reconciling the two definitions could work in company and accountancy practice."

Take as an example ICL which I took over nearly £800m a year ago. In the Eight compared with £80m in the years before United Kingdom entry, ICL witnesses would not accept that they manage their business on a central and unified basis, but rather for overseas subsidiaries or their non-wholly owned United Kingdom subsidiaries, and to apply the Brussels economic definition could lead to long argument with auditors whether a particular subsidiary was or was not part of the ICL group.

Take Ford (UK) and Alcan. Both agreed with ICL Subsidiaries of all size have very considerable independence, including freedom to move money to their own liking, and this would apply whether the subsidiaries were wholly owned or not."

For all of these, and some other United Kingdom giants, the Brussels law as drafted would raise questions of tax liability, not just questions of absence of accounting standards required by capital markets, particularly the Securities Exchange Commission and the Stock Exchange.

In the end, the Lords committee half-heartedly welcomed the Commission's aim to harmonize the standards of group accounting throughout the Nine, though it expressed no doubt that the committee considered no evidence that the form of group accounts required under United Kingdom law is regarded as inadequate or misleading, and are not convinced that the complicated proposals for defining groups will fill any gaps in the United Kingdom procedures or provide any better protection to shareholders, creditors or directors.

Like Whitehall departments, Brussels lawmakers should be told to cut their productivity rate and learn when to leave well alone.

Closure of Church schools

From Mr Robert W. Bevan
Sir, Lady Eccles, whose letter you
printed on May 23 is, of course,
entitled to her opinion concerning
the apparent chasm between words
and action in respect of religious
education in the schools and the
alleged acquiescence of the diocesan
authorities over the closure of
voluntary schools. I suspect, however,
that she is confusing two essentially
different problems.

She is right in pointing to the
1944 Education Act which gave the
Church special rights and duties
with regard to voluntary aided
schools. Moreover the decline in
the numbers of such schools in
recent years is also an accepted
fact although, particularly in Wales,
this has not always been so. It
has not occurred as a result of popula-
tion changes rather than inertia on
the part of the Church itself.

More fundamentally, however, I
think that Lady Eccles wishes to
associate the standing of religious
education with the rise or fall of
voluntary schools since, in essence,
whether children receive Christian
education or not, essentially upon
the conviction or otherwise of those
who teach them. Many schools
employ teachers of deep religious
conviction and I am by no means
convinced that the status of a school
is sufficient to ensure that its
pupils receive the benefits of com-
mitted Christian teaching.

Perhaps the diocesan councils are
coming to appreciate this point.

Yours faithfully,
ROBERT W. BEVAN, Director of
Education
Powys County Council,
Powys County Hall,
Llandrindod Wells,
Powys.

From Canon Peter Tidmarsh
Sir, Lady Eccles (May 23) is right
to sound an alarm but she must not
despair. Here in the heart of
Truro the picture is much more
encouraging. Far from closing our
primary schools we are busy building
summers in this our centenary

precisely what he means of "reasonable". Urban Church schools usually draw their pupils from a number of parishes, but with the decline of certain inner city areas, there is already evidence of a consequent drop in school rolls, and we cannot ignore the possibility that there will be more closures of schools in such areas in addition to those that have already taken place.

I am, Sir, yours faithfully,

ROBERT HOLTBY,
General Secretary, General Synod
Board of Education,
Church House, Westminster, SW1.

From Mr Christopher Derrick:

Sir, Mr Edgar Palmountain is surely right in suggesting (May 23) that the problem of unemployment needs a new approach, conceptual and psychological in nature. May I, therefore, raise one very fundamental question which never seems to be asked? Work is often a burden, and some kinds of work are horribly tedious and soul destroying: we all regard "leisure" as an agreeable thing. Why is it that we regard "unemployment" as a total disaster?

Obviously enough, the answer to that question is partly economic: the man who loses his job suffers a drop in his standard of living. But he also suffers a psychological trauma, and this may be more serious. People need a sense of meaning and purpose and belonging: they need it much more than they realise. The particular standard of living, and unemployment takes it away from them. That's why it hurts so much, even when welfare payments provide basic security and more.

But why does unemployment have this consequence? It is because the modern job now has a psychological importance that it didn't always have in the past? In simpler and more organic societies, the sense of meaning and purpose and belonging was given to individuals by their membership of a community in the extended family or tribal group, by rootedness in some par-

From Miss Nella Bowen

Sir: As a visiting consultant in the depth of one of India's milk producing areas, I do not get *The Times* daily and so I have caught up belatedly with the article by Raymond Croft headed "How the 'Milk' of Crutty is becoming India's 'Milk'?" (May 6).

I have good news for Mr Croft about his doom-laden prognostication: it is wrong, escarminably wrong.

"The EEC", he says, "in the past five years, have given away as food aid 142,000 tons of butter and 261,000 tons of skimmed milk powder (SMP) intended for disposal in India." Mainly "The EEC" in the past six years, has given India 30,000 tons of butter oil and 100,000 tons of SMP. It equals 0.76 per cent of India's milk production in the period. It has been gratefully receiving in return just enough milk to supply the army during the same periods, to help supply milk supplies and prices in four major Indian cities.

Mr Croft's further attempts to sustain his argument get him into a quagmire of mis-statements about India's daily dairy policy.

For instance, in a reference to "Operation Flood", Mr Croft asserts that one of its effects has been to depress India's milk output. This is the precise opposite of the truth.

"Operation Flood" is the name given to a multi-faceted plan whereby a certain pattern of co-operative, modernized milk production and marketing (known as the "Anand Pattern") will be replicated, step by step, in vast tracts of India's other milk producing districts. The plan is a very carefully conceived. This plan of replication has been sponsored by successive governments of India and funded by the United Nations' World Food

Sir, It is not surprising that the late Sir Stewart Menzies expressed the hope that nothing would ever be published concerning the secret intelligence operations of his branch during the Second World War. After all, the prime interest of most of us is to ensure that the details of their activities remain secret; but I feel that many historians might hold a different view.

As a considerable amount of information has already been made available, it would seem a pity if some light were not shed on a series of topics which to date have been only partially exposed.

No doubt some matters will have to remain confidential as an instance, the identity of the author of the Oslo Letters—but there are others which could, and perhaps should, be disclosed. There are some authors who suggest that Philby used his authority to filter information emanating from the Admiralty, and that the German resistance movement received little or no encouragement from the Anglo-United States Governments. If this is true, the results of his interventions could have had a decisive influence on the duration and outcome of the war.

Then there is the question of Operation North Pole. The German side of the story has been described by Colonel Gieske in his book of that name, and I seem to recall that during the fifteen strenuous attempts were made by various people, without success, to gain access to the files. Was it a monumental blunder on our part that it seems to be: and did it inhibit the full employment of the Soviet Union's State forces of the Dutch resistance movement, at the time of the Arnhem landing?

Turning to a more successful topic: as we know how the late Alexander Foote of the Lucy Line injected Ultra information into the Soviet intelligence system, it is interesting to learn how the SIS funnelled data to Foote. One can guess at some of the onerous men to us at the time; it would be interesting to have confirmation.

Last, but by no means least, there is evidence to suggest that some of the principal characters who played a role in the intelligence sphere during the War II, were not over-compensated for their contribution; and it is in a spirit of retirement and inflation, they can add to their income by writing about the interesting work in those far off days—I for one, am happy to buy their books.

Yours faithfully,
H. R. REDWELL,
White Nancy,
The Ribbles,
Barnborough Common,
Stroud,
Gloucestershire.
Mar. 26.

From Lord Vaisey

Sir: The letter that you publish today, and others about grants to drama schools is most timely. In the Gulbenkian Report, *Going on the Stage* of which I was chairman, we foresaw exactly this situation. In our present inquiry, as the training of musicians, we see that the reduction in discretionary grants is having an entirely predictable and arbitrary effect in reducing the opportunities for some of the most able, creative talents that the country must surely seek to nurture. The need to put the provision for training on a more rational, first and sensible basis is most urgent.

A further point is raised, moreover, by the report in the same issue of the Prime Minister's observations on the "core" curriculum in the schools. His views are extremely helpful, but inevitably by accident, he has omitted the arts. It is universally acknowledged that in this field our nation ranks extremely high: it would be unfortunate if in our speed to seek economic recovery we neglected the arts, a cultural renaissance that has taken place in the past 30 or more years. Last year Lord Redcliffe-Maud called for "a revolution . . . in educational policy . . . which brought the arts nearer the heart of the curriculum in British schools". Many of us share Lord Harewood's view that the present situation of the arts in education, and especially in provision for training, is irrational. It could soon be changed.

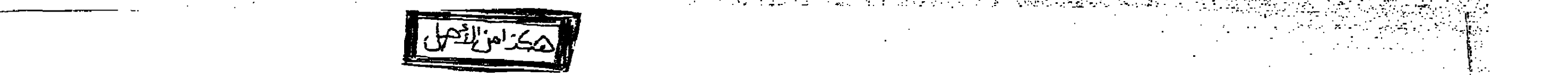
Yours truly,
VAIZEY

House of Lords,
May 21.

From Mr Peter West
Sir, Mr Reginald Williams's recollection (May 17) of Beatrice Harrison and the nightingale broadcast is perfectly correct, despite the critical report on the 1927 broadcast in the BBC Handbook which Mr Alan Lawless quotes (May 23). The original nightingale broadcast was in 1924, not 1927, and it was a resounding success. Even Keith went into print about it. He wrote in *Radio Times*: "A little bird unconcernedly engaged in the pursuit of his personal affairs in a Surrey garden on an evening in May has swept the country (or such not inconsiderable portion of it as had the sense to listen to him) with a wave of something closely akin to emotionalism."

And the following year, when a repeat performance was about to be staged, *Popular Wireless* caught the bird and noted when it broadcast: "Opinions are divided as to who is the greatest artiste ever to broadcast, but a good many people would vote unhesitatingly for the one who is to give a repeat performance on May 30. This is the Surrey nightingale, whose song last year brought the BBC a chorus of praise from all over the world."

Yours faithfully,
PETER WEST,
Clover Cottage,
Fontwell Magna,
Shaftesbury,
Dorset.
May 23.



advocate for
erman plant,
page 22

THE TIMES

BUSINESS NEWS

Ekofisk clean-up
fails to calm
the pollution
watchers, p 23

Ministers meet for Paris talks as deadlock persists North-South aid terms

By Sylvia Westlake
May 29

Ministers from 27 nations met in Paris on May 29 to discuss the Foreign Secretary's proposals for a new international aid conference, but no agreement was reached on the key issues of debt relief and the North-South dialogue.

The Foreign Secretary, Mr. Owen, said that the conference would be held in London in 1978, and that the aid conference would be held in 1979. He said that the conference would be a "new start" for the North-South dialogue, and that it would be a "new start" for the aid conference.

Mr. Owen said that the conference would be a "new start" for the North-South dialogue, and that it would be a "new start" for the aid conference. He said that the conference would be a "new start" for the North-South dialogue, and that it would be a "new start" for the aid conference.

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Office of Fair Trading changes soon

By Maurice Corina

Reorganization of the Office of Fair Trading in preparation for its new role of working alongside a reformed Price Commission is likely to be announced shortly.

Mr. Gordon Borrie, the director general, is believed to be preparing his staff for close collaboration with the commission in exchanging information and deciding where up to 40 special price investigations a year should be centred.

A significant overhaul of the office's role in surveillance of competition in private industry has been required as a result of the Prices Bill, which reaches its final stages in Parliament after the recess.

The Price Commission, which will have considerable delegated powers, will be able to supply to Mr. Borrie any evidence it has on parallel pricing, apparent price rises, or price leadership which suggests possible operation of restrictive trade practices.

In turn the Price Commission will gain access to much of the OFT's intelligence on both City and industrial operations derived from its statutory functions for vetting mergers and monopolies and for promoting competition.

The two organizations will work closely with the Department of Prices and Consumer Protection to ensure an identity of interest, to resolve possible problems of duplication (or even conflict), and provide government views on tricky issues.

A number of such issues are expected because of the development of industrial strategy, where investment might be damaged by ill-considered price investigations or by the introduction of complications in the present process of clearing desirable mergers.

One of the OFT's responsibilities will be to monitor industrial sector-by-sector and product-by-product to help the commission in the choice of rapid price inquiries now inhibited by the Monopolies Commission procedures, or the highly legislative criteria for acting on restrictive practices.

There are, according to the Government, some 50 products in the food industries, for example, where single companies hold more than 40 per cent of the market. There are said to be 50 industries riddled with parallel pricing, or obvious price leadership.

The OFT will also be a source of identifying for commission action on what are being dubbed "epicentre" prices, that is items or services whose prices when changed ripple out to affect other goods and services.

Another task is expected to be stepping up the work of obtaining better and clearer shop prices and ending recommended pricing which baffles consumers as to the "true" market price of items.

The close collaboration envisaged for the OFT and the Price Commission is seen in Whitehall as a developing one, to be taken a stage further—perhaps even to a merger—when the commission's functions on profit margin control eventually cease.

Mr. Hattersley, Secretary of State for Prices, is hoping that the new formula for investigation within a system embracing competition policy and the sometimes conflicting interests of government industrial policy will capture trade union and consumer imagination.

Although various powers have been taken in the Bill, giving the Price Commission new duties and amending the OFT's duties, little has been said about how the two agencies will operate in response to those provisions. None the less, there is no doubt that much has been going on behind the scenes.

Bridging the credibility gap with Washington

President Carter opened his last press conference with a tough statement on the Federal Reserve. He said that the Congress, like his predecessor in office, he would not hesitate to use his veto powers if he considers the Congress to be spending too much money, and that he believes congressional action will frustrate his goals of reducing United States inflation and balancing the Federal budget.

It was the sort of statement that had won the President high praise in America's business community and while it triggered criticism from some liberal politicians in Washington and from prominent newspaper here, it again demonstrated the President's clear grasp of the problems facing businessmen and the general public in the country today.

Washington is a city of modest size, where almost everyone that one encounters is involved in politics in one way or another, and where it is all too easy to lose sight of the importance of what is going on. It is a city of views are widely held around the country, and just how grave the situation is that the Washington press and Federal government bureaucrats all too easily term "disasters".

In the past couple of weeks I have travelled to western Virginia, to central Illinois and to California, seeing bankers and business leaders and university students and professors. Few people seem disturbed that President Carter is emerging as more conservative on economic issues than was widely expected several months ago.

He wins praise for his determination to force Congress to take tough but necessary actions. He seems to enjoy a high degree of popularity, and he has apparently even convinced some bankers that if everyone in government can effectively combat inflation then he has done it.

What one sees on a trip like this contrasts sharply with what one hears in Washington. For example, for one who remembers the parched British countryside last summer it is difficult to accept the alarmist claims of the serious drought in California. Parks and lawns in the state are a rich green; the fields look for the most part in reasonable shape, the vineyards barely suffering.

There is a surprising degree of awareness among the people about the serious nature of the nation's energy problems and a degree of acceptance of the validity of the arguments made by President Carter in his television energy campaign.

These reactions are encouraging and lead one to hope that once Congress has approved an energy policy, then energy conservation will finally become a reality in this country.

It is all too easy to return from a quick trip around the country and to conclude that many of the serious problems debated in Washington can easily be solved, but people in Washington seem right now to be much more aware of the tragedies of the past few years—the Vietnam war, the energy crisis, the bitter recession—than many people outside of this city, who now seem to be looking to the future, striving to forget these past experiences and hoping for rozier days ahead.

President Carter has clearly contributed to this sense of rising optimism, and Washingtonians seem to be unaware of this.

His open style and candour are appealing, especially as Americans have been reminded of the past by watching four long television interviews with former President Nixon.

The gloom and doom of Wall Street and the constant harking back to the past and the constant talk of disasters in the nation's capital seem quite out of place in Hot Springs, Virginia, Chattanooga, Illinois and Stanford, California, and, in consequence, there appears to be some justification in believing that the country is in the sort of mood that will help to ensure a sustained and substantial economic recovery.

Frank Vogel

EC pledge to keep eaton works open

By Bill
May 29

The EC will not close down the eaton works of its company, C. A. Parsons as a result of a merger of the generator interests of the companies.

Arnold Weinstein, head of giant GEC group gave undertaking in his first statement yesterday on the merger of the generator interests of the companies.

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Reversal on inflation accounting

By Christopher Wilkins
May 29

Whitehall has now reversed some of its earlier thinking on current cost accounting and is prepared to concede that adjustments should be made in profit and loss accounts for the changing value of monetary items.

This represents an important shift in Government thinking about the way company accounts should be prepared to make allowance for the effect of inflation. Originally the Whitehall view, following the recommendations of the Sandilands Committee, was that no monetary adjustments were necessary.

Since the publication of the exposure draft (ED18) on current cost accounting last December, however, the Government has been impressed by the arguments put forward in favour of some monetary adjustments.

Financial Editor, page 23

Private sector 'should provide half of new £1,000m a year fund' TUC urges new look at investment priorities

By Paul Rowlatt
Labour Editor

The TUC yesterday challenged the investment priorities of the financial institutions and called for a new £1,000m a year lending facility, at least half of which, should come from the private sector.

Publishing the trade unions' evidence to the Wilson Committee reviewing the functioning of private institutions, Mr. Len Murray, general secretary of the TUC, called for an early interim report from the inquiry and insisted that Britain's first priority was "reindustrialization".

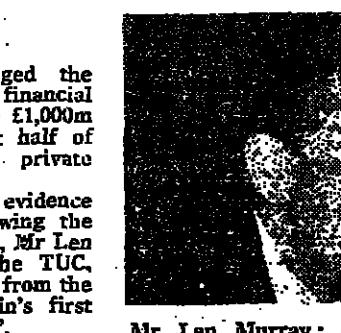
The TUC's evidence first disclosed in Business News on May 11 calls to account the private sector's record on industrial investment and concludes that a new agency—a Standing Committee on Finance for Investment—should be formed to translate into action the Government's industrial strategy.

The unions argue that North Sea oil will give the nation a never-to-be-repeated chance to pursue a revival of the United Kingdom manufacturing base, but that private sector interests have an equal responsibility to help to regenerate industry.

The new factor in investment planning will be the yearly benefit to the Exchequer of £4,000m from North Sea oil. These funds must be utilized so that when the oil flow slows, industry will have been built up to meet any international challenge. The TUC wants investment in manufacturing industry doubled over the next ten years—equivalent to a 7 or 8 per cent annual increase.

This, the unions suggest, is a "quite modest objective." If set against the overall growth of the economy, it would almost certainly not be achieved unless the financial institutions changed their ways.

The TUC admits that the criteria it proposes do not conform with those at present operated by the banks, insurance companies, finance houses and the like, but argues that they are not in conflict with the institutions' duties to meet their liabilities.



Mr. Len Murray: call for early report from Wilson Committee.

qualify under present arrangements, but which when taken in aggregate could provide an adequate return in the long run.

"The spreading of risk would help the institutions to meet their pension commitments. The new facility, when operational, should be of the order of £1,000m a year and at least half of this should be put up by the private sector institutions. Such a facility would remove much of the instability of the flow of new money into equities.

"A new National Savings scheme (perhaps called North Sea oil bonds) could be launched, paying high rates of interest which only the institutional investors have been able to obtain up to now," the TUC suggests. This would encourage saving by ordinary people to invest in manufacturing industry.

The proposed standing committee, comprising trade unions, employers and Government ministers, would "also have the task of overseeing Government decisions in the financial sphere". It would have an annual report, for example, from the Export Credits Guarantee Department, and should also be responsible for the operation of dividend control.

Furthermore it would have to develop clear lines of communication not only with the Government but also the Bank of England. This point will be taken up in further evidence by the TUC to the Wilson Committee, because the unions are not satisfied with the way the Bank combines its role as Government agent and as spokesman for the financial institutions.

The TUC has told the Wilson inquiry team that it attaches considerable importance to the Committee forming an early view on its criteria and plans for investment, and publishing this verdict "as a basis for public discussion".

"There can be no doubting the need to focus attention urgently on what is going to be the major strategic problem of the United Kingdom economy: how to prevent and reverse in the 1980s the deindustrialization of the United Kingdom."

IMF men ad home

By Bill
May 29

Members of the International Monetary Fund team left London yesterday to return home to Washington.

The team, which began work on Monday, under the leadership of the Chancellor, the debate this evening before returning home to Washington.

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Co-op merger referendum likely

By Our Industrial Editor
May 29

A referendum of Britain's 215 retail Co-op Societies is being proposed by their national association, the Co-operative Wholesale Society with the British Co-operative Union.

This move was announced in Blackpool last night on the eve of the annual Co-op congress, where delegates are to vote on a referendum to merge the two organizations into a new national federation. Indeed, the CWS directors will probably abstain from voting at the congress, so leaving the issue to the delegates themselves and a possible referendum.

There is a chance that the merger of the two organizations, who are said to be deeply divided, will be thrown out to the move to a referendum may be a clever attempt to keep the options open and enable a final report to be completed.

Mr. George Gay, a CWS director and president of this year's congress, commented that voting in a referendum by retail societies would mean the issue going direct to their boardrooms.

Many delegates to the congress are not necessarily Co-op directors and may have come with fixed views ahead of the critical debate, due to take place tomorrow.

Mr. Gay added that discussion of the case for merger has been going on for some time, but that the CWS and the union into a new Co-op organization had been dragging on and there must be finality. The negotiators needed the movement's viewpoints, so a final decision on the necessary reforms of structure could be worked out.

Figures released on Saturday show that the Co-op last year recorded another increase in retail sales, beating the rate of inflation and giving retail societies a 7.3 per cent of national retail trade. Net surplus in 1976 was £95m and just over one third went back to member customers in shop dividends.

Call for revival, page 23

Commercial gas users may get tariff compensation

By Roger Violevoe

Commercial gas users who invested in new piping and metering equipment to take advantage of the new defunct commercial heating tariff may be eligible for compensation from the British Gas Corporation.

British Gas has promised to give "sympathetic consideration" to a claim from businesses—ranging from clubs, shops and offices to schools, public buildings and small factories—resulting from the sudden end of the tariff on April 1. All the 74,000 customers on the commercial tariff were then transferred to the general credit tariff and faced an increase in their gas bills of up to 20 per cent.

The commercial heating tariff was available to customers who had installed the meters and piping necessary to separate their heating requirements from the main gas supply to the premises. The cost of this work could range from £50 to £700 and compensation will help businesses to recoup some of these expenses.

The National Utility Service said that one of its clients had spent £700 on meters and pipes in February to take advantage of the tariff, only to find it abolished without warning two months later.

NUS feels that the abolition of tariffs without warning cannot be justified by British Gas and has suggested they should be phased out over a number of years.

A spokesman for British Gas said it will give sympathetic consideration to claims from individual customers who had changed from the gas tariff on to the commercial rate. Customers who had changed from another fuel to the commercial tariff would not be eligible for compensation.

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CBI pay reform document due on Thursday

By Malcolm Brown

The Confederation of British Industry is to publish an important discussion document on Thursday aimed at starting debate on reform of the pay bargaining system.

Entitled *The Future of Pay Determination*, it advocates a radical transformation of pay bargaining. It suggests, among other changes, that the pay bargaining round should be compressed into a relatively short period—probably about three months.

The CBI also wants to see a new national body to review the progress of the economy, examine the outlook for the year ahead and suggest what implications this might have for pay bargaining.

It is being stressed that the document is not a blueprint, but is intended primarily to stimulate debate.

Cementation £50m deal

Cementation International Ltd. is to design, construct and equip a new terminal complex at Warsaw for LOT Polish Airlines. The order is worth some £50m.

Frank Vogel

Bucharest deal to build BAC One-Eleven airliners

Vienna, May 29.—BAC One-Eleven jet airliners will be built in Romania under a long-term cooperation agreement signed in Bucharest yesterday.

Mr. Allen Greenwood, chairman of the British Aircraft Corporation, said he expected valuable results from the agreement, which was signed after years of negotiations.

He told the official Romanian news agency, Agencepres, that One-Elevens would be built in Romania in stages. Eventually, the whole aircraft would be constructed in Romanian factories.

The agreement would lead to cooperation in building other types of aircraft there, he expected. The Romanian state airline, Tarom, has flown BAC One-Elevens for several years.

Reuter.



Mr. Allen Greenwood: expecting valuable results from agreement.

Models. The mills produce about 30,000 tonnes a month, but this will drop to a record low level of 15,000 tonnes by 1979, the group says. In 1970 the country was making about 65,000 tonnes of newsprint a month.

Japan eases foreign currency controls

Tokyo, May 29.—The Bank of Japan and Ministry of Finance jointly announced a relaxation of controls on converting foreign currencies borrowed abroad by Japanese banks, and fewer restrictions on lending in foreign currencies overseas, effective from June 1. According to the announcement, the controls on yen conversion will be gradually eased and eventually eliminated.

EEC prepares mandate for Gatt fibres pact

Details of the negotiating mandate to be handled by the EEC in forthcoming talks on the future of the Gatt Multi Fibre Arrangement are expected to be decided at the end of this week at a meeting of the Community's Council of Ministers.

Talks on the future of the MFA introduced three years ago to promote the orderly development of trade in textiles between the developed and developing countries of the world—are due to start in Geneva on June 7. The present pact ends in December.

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Lending rate 8pc

The Bank of England's minimum lending rate remains at 8 per cent with the market-related formula for setting MLR continuing to operate. The following are the results of Fridays' Treasury Bill Tender:

WALTER RUNCIMAN & CO. LTD.

Shipping - Insurance - Security

The Chairman, Mr. W. G. Runciman, reports on 1976:

- The results for the year, which incorporate a changed accounting treatment of foreign currencies, must be regarded as satisfactory in the face of the continuing recession in world trade.
- The dividend proposed has again been increased to the maximum which current legislation permits.
- In the absence of unforeseen circumstances, pretax profits for 1977 are expected to be no less than those for 1976.

Summary of Figures

	1975	1976
Profit before Taxation	£2,497,767	£2,753,813
Profit after Taxation	£976,644	£1,297,592
Earnings per Share	15.3p	20.3p
Dividend per Share	7.42p	6.73p

*after increased provision of £276,000 for deferred tax

MANAGEMENT

Edited by Rodney Cowton

LETTERS TO THE EDITOR

Industrial democracy at work in Germany

"I have done" ears, I suppose," says Mrs Melke Hinz. "I noticed a high-pitched noise from a new ultrasonic welding machine when I was passing the packaging department. I went straight to my office, telephoned the Chemical Workers' Society and got their experts to come round immediately."

Their tests showed that the noise could be harmful, though it was inaudible to most other people. Now, our management has enclosed the machine in a soundproof box.

Mrs Hinz is not just the factory busybody. She is the 41-year-old elected chairman of the workers council for the combined companies of Schülke & Mayr and Hinds-Turner, subsidiaries of Sterling Drug of the United States, that manufacture and market chemical products in Hamburg.

It is her right, backed by German law, to call in experts on any matter relating to the well-being of the workforce, without reference to management. In fact, to make this action easier for her, management has provided her with a smart office and a personal telephone line and it pays all the expenses.

Mrs Hinz's job is an example of industrial democracy in a small organization—the kind

that has fewer than 2,000 workers and consequently felt very much left out of the national debate on the Bullock report in Britain. The total combined payroll is less than 500, of which only 150 are shopfloor workers, the majority being white-collar clerical staff, sales representatives and laboratory technicians, with no more than one in 10 members of the union.

There are many thousands of similar companies in Britain, where the workforce would like a clearer line on labour relations, and where management might benefit from co-operation based on the German approach.

Mrs Hinz was elected two years ago for a three-year term of office on a one-worker-one-vote basis and now heads a nine-member workers council, or Betriebsrat, consisting of seven men and two women. Before her election, she was a secretary in the marketing department of Schülke & Mayr, specializing in English-German translation.

"As far as my salary is concerned," she explains, "I am still employed as a secretary and qualify for any increments I should have received if I had not become chairman of the council. What is more, German law takes into account the pos-

sible friction that could arise between a council chairman and her employers during a term of office, so my company is not permitted to give me notice until one year after my term ends.

"There should be time for any temporary emotions to have calmed down before drastic action is taken. Fortunately, relations with management are good in this company, so I hope that protection will not be necessary."

Her council has very wide powers. "We enjoy three different types of rights. There is the right to demand information—about the company's profits, its capital, its profits. If there is a work study project, I can have access to the findings," Mrs Hinz explains.

"Then there is our right to consultation. Schülke & Mayr are just now building a special clean area extension to package pharmaceutical products. Management was obliged to tell us in advance what their plans were, what reasons they had for building, what effect there would be on our working conditions during the rippling out of some old buried chemical tanks to make room for the extension.

"They had to listen to our advice on the possible noise and dust problems."

The third category of rights is the one that gives real power to Mrs Hinz and her colleagues and bites deep into managerial prerogative. "We call it *Mitbestimmung*. This is where management cannot take action without our specific approval. In fact, we have the right to veto their plans."

This veto applies to changes in wages systems, piece-work rates, bonus schemes. Management cannot go ahead without approval on any alteration to hours of work, overtime plans or work monitoring systems.

A matter that always calls for intense discussion is the annual holiday plan. Mrs Hinz says, "By German law, all parents must have the opportunity to take their holidays with their children, so a company management is not able to dictate holiday times that fall outside school holidays."

"We try, of course, to keep essential departments properly staffed and so I often have to talk with my fellow workers to see who might prefer to take a skiing holiday with their children instead of a summer break. This keeps the factory running and is for the benefit of the workforce as a whole."

Dismissals are not official until they have the workers'

council's approval. "We investigate each case where notice is being given," Mr Hinz said, "and generally we have found that such action is long overdue."

However, recently we objected when a young man in the export office was made redundant. In our opinion it resulted from a purely temporary situation and he would be needed in the office in the near future. Our letter on his case had to be attached by management to the letter giving him notice, asking him when he refused to accept the notice and took his case to a labour tribunal.

"The notice does not take effect until the tribunal has made its decision, and, until then, the employee is still fully employed and paid by the company."

Mrs Hinz enjoys her work and believes in the good that it does. "But I feel terribly unqualified," she confesses. "I feel I ought to be a lawyer, a chemical engineer and a mathematician—especially when we discuss pension scheme changes—and a welfare officer, because we even bring their domestic problems to my office."

Sydney Paulden

New role of the Location of Offices Bureau

From Mr J. P. MacDonagh
In reply to two letters on May 24, I make a few points on behalf of the Location of Offices Bureau. Both Mr Oliver Stutchbury and Mr Pelham Ravenscroft have assumed that the bureau's present role is either to be reversed or is no longer required.

Mr Shore's exact words as quoted in the article referred to (May 18) were: "This remit (the bureau's present terms of reference) clearly needs revision. I propose to give it two new tasks: attracting international business to Great Britain, including London; and giving particular attention to the promotion of office employment in inner urban areas including London."

It has been the role of the bureau since 1963 to provide London businessmen only with free and impartial advice on the costs and benefits of office location throughout Britain, and how best to plan a move. Hundreds of firms have found this advice helpful and time saving and it is hoped, as a result, that more office locations will be made in the country.

Some six million people are employed in offices (about a quarter of the total employment in the country) and the bureau is the only organization that has attempted to monitor the nature of this employment, its potential mobility, and the factors needed by management to make locational decisions.

Employment in the South-east region and over half of that is referred but also existing users. I believe that there is more than just a "theoretical force" in this argument, and that it is more important to remove this real injustice (I know of a case in question) than it is to make efforts to bring the provisions relating to existing patents into close conformity with those relating to European and Community patents (which do not yet exist).

The amendments moved by Lord Lyell does more than seek to eliminate a possible source of unfairness; the Lord Chancellor is obviously misinformed in regarding the possibility (sic) of injustice as being remote.

Let us hope that the Government will have a change of heart and will introduce an amendment to replace Lord Lyell's withdrawn amendment.

Yours faithfully,
COLIN JONES,
Coopers Building,
Church Street,
Liverpool L1 3AB.
May 13.

Preserving Dunham Bridge

From Mr Sam Scorer
Sir, My attention has been drawn to an interesting letter from Mr G. L. E. Metz (April 14) deploring the fact that accountants and bankers would be willing, if asked, to discuss with the bridge company and their consultants possible ways of strengthening the bridge in situ, design starting with a presumption in favour of conservation.

With this approach it might well be possible to find a more economical solution than demolition and rebuilding, and show that engineering enterprise still flourishes.

Yours,
SAM SCORER,
Clarke Hall, Scorer and Partners,
7 Lindum Terrace,
Lincoln LN2 5SR.
May 5.

Innovation and the quality of life

From Mrs L. E. Halsey
Sir, A glimpse of the future use of computers given by Frank Vogt (The Times, May 23) covers many different areas of our way of life and should conjure up visions of Utopia not very far away. A way of life where all the troublesome tasks of painstaking research, filing and calculation are taken away and sufficient work can be accomplished by the average person in, say, 20 hours per week to enable them to enjoy leisure for the rest of the time.

However, it would seem as unlikely to happen as the reduction in the working week which was heralded by improved technology in the past couple of decades. It is sad that instead, there will still be people prepared to spend the extra time earning more money at the expense of perhaps another person's job or the spending power of the unfortunate pensioner or fixed wage earner.

Whatever happened to that vision of a society where the work that needed to be done was shared among the people available to do it, instead of one-third of the population doing the work and paying taxes to keep the other two-thirds supported by the state.

In this jubilee year could we not slow down a little and stand back to evaluate the quality of life and how to use all these exciting innovations to benefit that way of life and

in the Greater London area. These conditions to be a case for a better distribution of this employment throughout the United Kingdom as a whole.

The next major point of confusion in many people's minds is to include central London when the definition inner London is used: central London for the bureau's purposes can best be described as that area within the ring of main line stations or the Circle tube line: that is the City and the West End. Here according to the last census 60 per cent of the total employment was in offices and despite a declining population and a declining consumer figure, there is as yet no evidence that there is a decline in office employment; indeed all the bureau's efforts to date have merely syphoned off an expansion of employment in the centre which, if continued, would have completely struggled the transport system and demanded the construction of 25 million square feet of additional office space to the detriment of other land uses.

Given a recovery of the economy it could still go so far as this requires monitoring on a much shorter cycle than the 10 years between census figures.

Inner London, in general terms the boroughs surrounding the centre, had, and very largely still has, a completely different employment structure, mainly industrial, and as a result very little movement of office jobs either in or out. For the record however, L.O.B. claims have been responsible for the net gain of 58 companies representing 1,557 jobs up to March 31, 1977.

It is hoped that this can be improved in the long-term in conjunction with government and local authority plans to re-vitalize inner areas.

Yours faithfully,
J. P. MACDONAGH,
Secretary,
The Location of Offices Bureau,
27 Chancery Lane,
London WC2A 1NS,
May 26.

Consequences that are likely to result from patents Act changes

From Mr Colin Jones
Sir, I beg to be allowed the opportunity respectfully to dispute some of the remarks of the Lord Chancellor in his Lords debate on May 9 on the Patents Bill. I am concerned about the consequences of the amendments to the 1949 Patents Act as set out in Schedule 3 of the Bill, whereby patents which are invalid under the 1949 Act as presently worded will be validated.

As reported in *Hansard* (May 9, column 124) the Lord Chancellor thinks the grounds of invalidity which are to be deleted by the Bill to be of very limited importance. While such grounds may have been of relevance infrequently, a person who is infringing a patent which he believes to be invalid is one of the grounds to be deleted hardly consider it to be unimportant if he suddenly finds himself liable for damages.

This matter concerns not only "potential users of inventions of the relevant patents" to which the Lord Chancellor

referred but also existing users. I believe that there is more than just a "theoretical force" in this argument, and that it is more important to remove this real injustice (I know of a case in question) than it is to make efforts to bring the provisions relating to existing patents into close conformity with those relating to European and Community patents (which do not yet exist).

The amendments moved by Lord Lyell does more than seek to eliminate a possible source of unfairness; the Lord Chancellor is obviously misinformed in regarding the possibility (sic) of injustice as being remote.

Let us hope that the Government will have a change of heart and will introduce an amendment to replace Lord Lyell's withdrawn amendment.

Yours faithfully,
COLIN JONES,
Coopers Building,
Church Street,
Liverpool L1 3AB.
May 13.

Exchanging pounds for pesetas

From Mr A. E. C. Wolsey-Wilkinson
Sir, Mr Harry Shipley, letter of May 17, made a point to the general public that it is advisable to pay travellers cheques in the rancy of the country you are visiting (put forward by Shipley in his letter of 5), pointing out that any principle to Italy.

Readers will be interested to hear that the principle, not be applied to Spain, rather different reasons: you pay pesetas at a bank in the United Kingdom to expect to get about 113 pence. If you sell travellers cheques to a bank in Spain, you can expect to get about 113 pence to the pound. The most unusual difference have so far been unable any learned opinion on.

It is appropriate to note here that since the 1925 allowance was introduced, the value of the pound has fallen about 40 per cent. Now is an opportune time to raise the allowance to better reflecting its form.

Yours sincerely,
A. E. C. WOLSELEY-WILKINSON,
Llys Taly-Bont F6,
PO Box No 91,
Cardiff.

Bank support for industry

From Mr Anthony G. Co
Sir, Mr Hayward's letter of 14th May has possibly politicized outside my ability to comment on the issue of the "Big Four" bank other free-enterprise fr institutions who, he it should have supported it. *British shipbuilding industry.*

It appears to me that Hayward has lost sight of fact that what a factory industry is capable of producing is largely irrelevant in modern world of markets where the only way to success can be what that industry or industry is capable of selling.

Whether it is ships or bikes, motor cars or computers, the only way to success can be what that industry or industry is capable of selling.

It is only in some Victorian condition as the beginning of the Industrial Revolution where the ability to manufacture can be the viability, and it is the I have had to learn from Americans, Germans, Japanese who now do even an island economy to produce is possible unless one can sell, and those sales can be at any bank which support industry or company is passing good money down the drain.

Should there be reasons for keeping a car or an industry in existence when its viability is truly gone, then that entirely separate consideration outside the realities of trading.

Yours truly,
ANTHONY G. CADMAI,
Trinity Lodge,
25 Trinity Crescent,
London, SW17.

Airbus and an R-R engine

From Mr F. J. Essex
Sir, Let us hope that the Airbus Industrie also possibility of finding the engine the European are successful.

It must be quite clear that this Heathrow flight under a General CVA engaged aircraft is the quietest jet around the three Rolls-Royce engines. The Rolls-Royce engine unit Rolls-Royce quieter.

So get in there R Airbus (Eastern Airline possible order for aircraft was it?) and Alu Rolls and give a Euro benefit of a quiet success.

Yours faithfully,
F. J. ESSEX,
68 Spencer Road,
Strawberry Hill,
Twickenham,
Middlesex.



Modern Engineers of Bristol (Holdings) Limited

Highlights from the statement by the Chairman, Dr J. W. Adair, covering the year ended 31 December 1976

Group pre-tax profit up to £319,037. Earnings per share increase from 5.79p to 7.69p.

* Despite difficulties in the construction industry, the steelwork and metal treatment division is engaged in substantial contracts for both home and export.

* Proposed final dividend 2.1497p per share making a maximum permitted total gross equivalent of 18.15p (compared with 17.29p for 1975) plus a one for four scrip issue.

"Distributed intelligence" and "decentralization" are today major concepts in computing. United Dominions Trust has found ways to keep the computers centralized but distribute human intelligence to user departments and subsidiaries. The result has been a smaller computer department, more computing capacity among the users, better response to user needs and enriched jobs for computer people.

Like other finance houses, UDT experienced rapid growth and diversification in the sixties and early seventies, then suffered severely when interest rates and inflation rose from 1973 on. It has seen some recent improvement in profits, due not only to the drop in interest rates and better business conditions, but also to continuing stringent cost controls.

This feast and famine picture of the consumer credit industry has had its effect on the company's computing activities, first encouraging expansion and then causing large projects to be deferred. However, the basic philosophy has remained consistent since the first large-scale computing efforts began in 1964.

Mr Geoffrey Bacon, an accountant, now general manager of UDT's overseas division, brought together a team of about a dozen people, many from departments that would be using the computer, to develop the first major applications, on one of the earliest IBM 360 computers in the United Kingdom. The function of "liaison manager" was in-

cluded in the planning and development team eventually went back to their home departments in this role. One member, promoted to head his department, set the precedent that computer liaison could be a pathway to promotion.

As the years passed the concept of liaison, belonging to the user department, remained firm, and the computer department helped train a number of people who gained data processing experience and an understanding of the importance of adequate coordination.

Liaison belonged to the user departments, while the computer department, under Mr Dennis Stinton, was responsible for running the computers and creating and maintaining a pool of development people, who in turn created and maintained the programs to do various jobs.

The computer department was also responsible for the masses of key-punching that characterized administrative data processing.

The 1954-67 development brought with it on-line inquiry terminals in most of the instalment credit departments—another pioneering idea at the time. People gradually learned to trust the television-like screens with their displays of data. Less and less they called for paper copies of the information, which would only need to be filed somewhere.

In 1971 Mr Stinton decided that the technology had moved far enough ahead for a paperless system to be possible. Fur-

thermore, in a business choosing with paper it would bring real cost savings. So he began to move the data preparation—key-punching up until then—out to the user departments where the data were already captured on paper.

Thus, for one big application, for example, instead of separate groups at the computer centre and at the user's location, handling the same data twice, investment in some key-entry terminals in the user department enabled the company to cut errors and put the data preparation people where the real work was located. By 1973 there were no more key punches in the company.

Most users "owned" their own terminals. In the sense that these were budgeted directly to user departments, not through charges from the computer department (which apportions its costs according to usage, but does not operate as a profit centre). The line manager in a user department could refer to "our terminal" or "my data processing facility" without having to cope with the cost and complexity of programmers and computers.

Mr Stinton says: "Subsidiary companies and departments like to have a degree of control, setting their own priorities for data capture and data access."

All the steps in UDT's computer evolution were taken on the basis of the latest technology that would bring visible budget benefits. Most of them also resulted in better coordination and increased acceptance for computing.

While users take part in development teams and have their own liaison people, Mr Stinton's department runs the computers and does the actual programming, as well as maintaining the programs—a major task that costs most computer users far more than new development. In addition, Mr Stinton serves as a senior computer consultant within the company.

In a sense the user's liaison executive (as they came to be called) was usually the "father" of a product, initiating it on behalf of his department and taking part in its development. The central software experts became the "mothers", writing the actual code, and responding as necessary to the 24-hour phone calls if a system developed teething troubles.

Even though user departments do not want ownership of the development and maintenance people, needing them only on new projects get under way, Mr Stinton believes that they need a sense of contact at the centre. So the central development people tend to be specialists in the work of specific departments, which gives the line manager a feeling that he has "his own" software specialist in addition to his own liaison man. Managers with informal questions and ideas bypass formal channels and go directly to the specialists, with Mr Stinton's blessing.

As the industry bloomed, the computer department grew to about 150 people by 1971. Gra-

Nancy Foy

New code on employment disciplinary procedures

Last week Mr Albert Booth, Secretary of State for Employment, laid an order before Parliament which will bring into operation on June 20 a code of practice on disciplinary procedures.

Known as the Code of Practice on Disciplinary Practice and Procedures in Employment, it was drawn up by the Advisory, Conciliation and Arbitration Service and gives guidance on how to draw up rules and operate them.

There are several recommendations, foremost among them being that each employee should have a copy of the disciplinary procedure rules. Employees should be told and given an opportunity to state their case and to be accompanied by a union representative if so desired.

The code recommends that no disciplinary action be taken until a case has been fully investigated and immediate superiors should not have the power of dismissal without reference to senior management.

Except for acts of gross misconduct, no employee should be dismissed for "first offence". Where penalties are imposed they should be explained and a specified procedure for appeal should be laid down. When disciplinary action is needed, supervisors should give a formal oral warning for minor offences and a written one for more serious offenders.

The code points out the need for special consideration where exceptional factors are of influence. These include night shift workers and those who work in isolated locations and to whom the full procedure is not immediately available.

Further, no other than an oral warning should be taken against a union official until a senior official or union full-time representative has been consulted. Criminal offences not concerned with the employment should not be regarded as automatic grounds for dismissal.

Legal sanction cannot be taken against an employer not following the new code, but industrial tribunals may take his attitude towards the code into account in replacing a dismissed worker with 130 to 135 of the 1977 Code of Industrial Relations Practice.

A New Investment Opportunity.
An Important Export Market.

MEXICO

Grindlay Brandts Limited and Nacional Financiera S.A., the development Bank of the Mexican Government, are proud to announce the formation of the official Trust Fund to promote Anglo-Mexican joint ventures.

The Trust Fund "BRINMEX" was established on 11th March, 1977 in London and will provide advice and assistance to BRITISH companies in the following ways:-

- * Help with the financing of Anglo-Mexican joint ventures and the export of associated goods and equipment.
- * Market surveys and feasibility studies.
- * Selection of local partners and representatives.
- * Local market advice.
- * Corporate finance advice.

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BY THE FINANCIAL EDITOR

A new animal in the market

It is afternooon we should have a better idea of what is really a market for variable rates—at least at a price level acceptable to authorities. There has been little sign that the market is likely to be afforded a jubilee. And in the sense that this was a type of stock market, it was saying it had been issued a year ago when the market started to get itself into a terrible pickle with money supply, interest rates and a lack of enthusiasm for the market.

First concern is by those who would like to lock a float away to hold to maturity. Here, the problem is that the new has been launched at a moment when 5 year yield curve is unusually steep, and indeed to the floaters' benefit.

It is that short-term interest rates are to rise. But one would have to be bearish about the future course of rates to be convinced that the market is a lock away from an interest of under 3 per cent. It represents a deal that the comparably dated conventional gilt offering a gross redemption of 103 per cent.

Second factor is one concerning those who are more mature and prefer to consider stock as more akin to a short-term money market. For, apart from the unresolved force of volatility, it is doubtful that the proposed one half per cent premium Treasury Bill Rate (as opposed to the attractive Treasury Bill yield) is sufficiently attractive.

One of the more active professional investors feel they can manage their money to produce a higher return than the formula, especially when interest rates are rising. Even brokers W. Greenwell, the leading promoters of the concept of floating rate gilt, consider the terms of a new stock have been pitched too low for it to be attractive at present.

This takes one back to the question of size of discount needed to make the market look attractive, and the size of unit at which the authorities will be used to part with stock. The discount is not in fact here to be especially great, the stock on the move. Among those may be attracted to take the plunge to be corporate and net funds.

It might be seen in the stock a reasonable use of capital and income protection and possibility of maximizing their return 18 months by a sale ahead of the third end payment, giving them the final interest, in effect, as tax free capital gain, as proves an attraction; stand clear of it in October 1978.

It is its priority will be to see that the central thesis—namely that companies' accounts should recognize the impact of inflation on the substance of a business—is embodied in an initial standard and that the more contentious items are put aside for consideration later. The talk now is of a "core" standard and a number of "satellites".

This core standard will have to be shorter than the present draft, possibly amounting to nothing more than a general statement of principle. But at least three basic issues will have to be dealt with at that stage. The first two, stock and work in progress and depreciation of fixed assets, are uncontroversial; the third—how to arrive at a definition of earnings—is not.

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end-January, 1978, timetable set by the Morpeth Committee is inevitable, but a standard could well be published by next spring to apply to companies producing their results after the beginning of 1979.

So, the outlook is much more optimistic than it was three months ago, when there appeared to be deadlock on several crucial issues.

This change of mood reflects an about-turn in Whitehall. Government opposition to any allowance being made in profit and loss accounts for the changing value of monetary items has virtually disappeared; and with it has gone the main obstacle to a solution encapsulating the concept—if not many of the details—put forward by Morpeth.

There is still much to be done. It will take until July to analyse the 400 or so submissions which are expected to have arrived by tomorrow night, and then a series of working parties will take perhaps two months to report their findings and recommendations back to the main steering group.

But, if it is too early to say what the submissions will show, the general attitudes of the main lobbies—industry, the accountancy profession and government—are already known. The direction from here is becoming clearer.

First, few objections have surfaced to the principles of current cost accounting. The main industrial objections centre upon the proposed timing of its introduction, the degree of discretion left to directors, whether CCA should run in tandem with historic cost accounts and how some peripheral areas—leasing, good will and so on—are to be dealt with. On all of these issues the Morpeth Committee seems likely to give ground from its original position, conceding that it was attempting too much too quickly.

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Maurice Corina looks at a multi-million trading group trying to reconcile its commercial success with its founding principles

A caring, sharing Co-op revival?



Mr Arthur Sugden, CWS chief executive. "Fighting for every bit of trade we can get."

Under the bright new slogan "Your Caring Sharing Co-op", delegates to the 108th annual Co-operative Congress will assemble in Blackpool today in a slightly bewildered mood. Behind them is a year in which, for the third time running, their movement's share of retail trade actually increased.

Total turnover of the 215 retail co-operatives in Britain has soared past the £2,500m-a-year mark, giving them 7.3 per cent of national retail sales. The pace of modernization has not slackened, in years gone by, when well-financed competitors grew partly at the Co-op's expense, few commentators gave the movement much hope of wresting back lost business.

About £60m a year is now being ploughed back into modernization of a nationwide web of 13,000 retail outlets. Hundreds of small stores still shut each year, but the development of supermarkets, superstores, freezer centres, and medium-sized town centre department stores more than compensates for the lost outlets.

Fragmentation of both buying power and capital resources still remain the central problems of the Co-op's bid to restore its old-time pre-eminence in British retailing. Yet it is a fact that, compared with 540 societies in 1968 when

in profits and a big transfer to reserves.

Of course, the experience of societies differs, but it is the best societies whether small or large to whom everyone looks. At the centre, the CWS continues to maintain a vigorous run of national promotions, spending heavily to promote the Co-op's improving image. Shops, delivery vans, and all the items essential for more uniform marketing—from Co-op branded goods to stationery—now bear an instantly recognizable symbol.

While there are still many decayed shops and many stock problems, there is no doubt that the shoppers who once passed them by. The use of dividend stamps and the provision of many in-store services, from Co-op Handy-Banks, to credit counters, have begun to cultivate again the loyalty of customers.

At present, the responsibility for providing national leadership rests with two organizations, the CWS and the British Co-operative Union, of which the former is a significant member of the latter alongside the retail societies (who are also the shareholders in the CWS).

Delegates to the congress, the movement's annual parliament, are bewildered because they are being asked for their reaction to a discussion document which outlines a scheme to establish a new national Co-op "high command" by merging the union with the CWS.

The new federation would be controlled by a national board, representative of retail co-operatives, and linked to a structure of regional boards covering the United Kingdom.

This idea is the product of a special merger committee, but there are divisions within its ranks. Some leaders feel the merger is not necessary, and it is better to reorganize both organizations short of amalgamation. The CWS is in the business of procuring goods by combining the power of autonomous societies, while the union, though much involved in advising on retail development and mergers between societies, has wider responsibilities, spanning politics and other activities.

The fact is that the movement is still a long way from its objective of forming around 26 large, powerful retail societies on a regional basis. A CWS-union merger is seen by its advocates as more likely to effect rationalization of management and retail assets.

The question that everyone is asking is whether there will be a clear economic gain in plunging both the CWS and the union into constitutional turmoil when managers and local directors are so much preoccupied with the fight for trade in an unprecedented period of inflation. Is this the moment, they ask, to distract attention from the high street battle?

While it is true that reforms have brought back customers, there is still the critical problem of achieving a more profitable trade. Bigger surpluses are needed to cover enormous increases in working capital and to fund an investment programme at a time when the availability of members' cheap withdrawable share capital (as well as employees' pension funds) is threatened for various reasons.

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the principal source of Co-operative capital. Merely to represent an unchanged real amount, the net profit total of £59m, produced by retail societies in 1975, would have to rise to almost £70m.

In 1976, the figures suggest, this was not achieved. There is cause for anxiety, as the movement is relying on a heavy capital programme to secure future profitable sales. The percentage of Co-op capital investment to that in retailing at large has been rising sharply. Yet, it has taken a significant expenditure to achieve the still modest 7.3 per cent share of retail trade last year. Modest because this is still well down on the 12 per cent held several decades ago.

The Co-ops have been doing well in the food trade. Many competitors were outstripped in 1976, not a good year for retailing. Trading in durable goods has been remarkably buoyant, too, but in the clothing and footwear sectors the Co-ops took a hammering.

For its part, the CWS sees 1977 as a very tough year. Mr Arthur Sugden, the chief executive, feels living standards will continue to fall. He says: "Against that background, Co-op is going to be fighting for every bit of trade it can get, and the welding together of its combined strength across the range is now more necessary than ever before."

"We intend progressively to get ourselves into better shape to cope with the growing demands for Co-op products which are already being experienced as an increasing number of people make the switch from main brands to quality own-label alternatives."

"Extensions are being built and new equipment installed in many of our factories, and particularly in some non-food areas where the Co-op trade is unable to provide sufficient orders to maintain a profitable operation, we are actively seeking and securing business from other companies with interesting results," he reports.

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FINANCIAL NEWS AND MARKET REPORTS

British Reed
Grand
Nithin
Mitsubishi members
edge their bets

Dividend increase is on the cards for the Japanese steel giant. In Tokyo Mr. Sato Kato, managing director, said that it hopes to pay a dividend of 10 yen to shareholders in March 31. The group prescribes a modest sales increase of 4 per cent. It would not forecast net profit. He thought that over-optimistic conditions are likely to pick up strongly and economic prospects are gloomy.

The new year to March 31 after tax was 17.94 and sales were 19.6. The year before, the group made 14.53 billion and 19.1. The dividend went up to 6.5 to 7.5. Mr. Sato said that it

International

dead, however, would stick at 6.5 a share.

In the past year the group went forward on good exports of machinery and plant for export besides bigger and lucrative ship exports. Profits after tax rose from 14.88 billion to 17.97 billion.

Sime Darby-Thyler

Sime Darby Holdings reports that its wholly owned subsidiary Sime Darby Australia has done a deal with Allied Rubber. Sime Darby is buying from Allied Rubber its subsidiary Spring Investments, the non-trading holding company of Thyler Rubber.

Textron Solvay deal

Industrial consumer aerospace and defence group Textron, which takes in names such as Bell Helicopter and Shearwater, now has a tentative understanding with Solvay of the Belgian chemical group linked to Laporte.

Textron will provisionally buy around 2.7m shares in Allied Chemical Corporation, now owned by Solvay. The deal covers about 85 per cent of Allied's shares. The deal also provides for the sale of the Allied Chemical shares to Textron in 10 equal instalments over the next two years and a half.

More share prices

The following will be added to the London and Regional Share Price List tomorrow and will be published daily in Business News:

Company	Price	Change	Gross	Yld	P/E
1000 Airsprung Ord	34	-1	4.2	12.5	6.4
215 Airsprung 187 CULS	126	+3	18.5	15.2	—
215 Armitage & Rhodes	31	-2	3.0	6.7	6.5
215 Belorah 12 CULS	141	-8	17.5	12.4	—
215 Frederick Parker	134	-1	11.5	8.6	6.5
215 Henry Sykes	83	+2	2.4	3.0	8.0
215 James Burrough	81	+2	6.0	7.5	12.9
215 Robert Jenkins	285	+12	25.0	8.8	6.4
215 Twinkl 12 CULS	13	+1	1.0	20.0	—
215 Twinkl 12 CULS	60	+1	12.0	20.0	—
215 Walter Alexander	63	-2	6.1	9.7	7.9
215 Walter Alexander	77	-1	5.8	7.5	8.7

Mothercare

everything for the mother-to-be and her baby... and children up to ten.

FINAL RESULTS

(52 weeks to 26th March, 1977)

	1977	1976	Increase
Sales (excluding V.A.T.)	£'000	£'000	
UK	70,001	53,359	31%
Europe	7,735	5,685	36%
USA	3,167	—	—
	<u>80,903</u>	<u>59,044</u>	<u>37%</u>
Profit before Tax			
UK	10,611	8,030	35%
Europe	1,051	495	112%
USA	84	—	—
	<u>11,746</u>	<u>8,525</u>	<u>40%</u>
Tax			
UK	5,825	4,176	—
Europe	538	294	—
USA	35	—	—
	<u>6,398</u>	<u>4,470</u>	<u>43%</u>
Profit after Tax	<u>5,548</u>	<u>4,055</u>	<u>37%</u>
Earnings per Share	17.23p	12.80p	

We are pleased to announce record sales and profits again.

A final dividend of 3.414p (1976 3.104p) is recommended making a maximum allowed total for the year of 5.237p (1976 4.761p). We will propose a further payment with the following interim of 0.0525p net for each 1% of any reduction in A.C.T.

A one-for-one scrip issue is proposed.

The new 5-10 year old range of merchandise has been well received and sales in this age group are very encouraging.

Exports exceeded £9.5 million, an increase over 1976 of 58%. 98% of the merchandise we sell in the UK and in Europe is UK manufactured under our own brand name.

European operations showed a considerable increase in profit, reflecting greater acceptance of our products in the more difficult markets.

In the USA we are trading in 110 maternity wear shops. The first Mothercare store opened April 7th and 25 or more are planned for this financial year.

The number of stores trading at 26th March 1977 was: UK 167 (1976 160), Europe 13 (1976 14), USA 110 (1976 —). Total 290 (1976 174).

Copies of the Annual Report may be had on request to the Secretary.

Mothercare Limited
CHERRY TREE ROAD, WATFORD, HERTS, WD2 5SH
Austria Denmark The Netherlands Norway
Sweden Switzerland United Kingdom
United States of America West Germany

How the market was foxed over
Australian uranium development

Pancontinental, never the most sedate nor stable of mining stocks, must have burnt a few fingers last week. Based on a fundamental misreading of the Fox Commission's second Ranger Uranium Environmental Inquiry Report, punters started jumping into Pancontinental in the belief that the company had received support for immediate development of the Jabukla deposit.

The reality—at least as far as the Fox report went—was rather different. The report came out after hours in Australia, but based on hurried conversations with Australians, the market in London sharply marked up Pancontinental.

What was overlooked was that the sanction for Pancontinental was heavily conditional. Fox recommended sequential development and Pancontinental was not to be the first away from the starting blocks but rather Ranger.

In fairness, it should be said that the report is apparently riddled with contradictions (although I am now going on hearsay since I will not receive a copy of the full report until later today) while the summary put out by the Australian authorities for overseas consumption was not the most lucid of documents.

On Wednesday, the day the report was published, Pancontinental moved up sharply in London before losing some of its momentum to end the day with a 75p gain at £14. However, when the Australian market opened on Thursday the euphoria had evaporated and the shares were marked down while London closed that day with a £2 fall. Friday saw a slight rally with London closing at £10.4, up 75p.

Pancontinental is in any case a fast moving stock, partly because of its vast potential—the biggest and richest of the Australian uranium discoveries—partly because its interest in uranium is undiluted while it

is headed by the ebullient Mr. Tony Grey, whose optimism is seemingly boundless.

The actual course of events in developing the vast Northern Territory uranium reserves remains as much as ever in the melting pot. The Fox Commission was only making recommendations and it is up to the Federal Government to take whatever course that it sees fit.

However, given the controversial nature of uranium mining, the intense debate on the subject in Australia will become that much more heated if the Government deviates too far.

As predicted for some time, the report came out in favour of sequential development. Although releasing the Ranger development as presently proposed, the report says that with

changes it has suggested the "adverse environmental consequences of the development can be kept within acceptable limits."

The report adds: "It is our conclusion that if the Ranger proposal is to be allowed to proceed, it has to be on the basis that no other mining, with the exception of that proposed by Pancontinental, should, for the time being at least, be allowed in the region west of the Arnhem land aboriginal reserve."

Quite what the Government will make of this is another matter, although in London everybody seemed to have their own, and all widely differing, theories.

No definitive Government decision will apparently be made until after a full Parliamentary debate in August. Nevertheless, it is known that the Government wants to get on with uranium development in some shape or form pretty quickly.

Desmond Quigley

'Present inflated prices can only
harm cocoa trade' say brokers

Only harm can come to the cocoa trade as a result of present inflated prices in the view of brokers G. W. Joynton.

In their latest newsletter they say that the declines of April, which were expected to continue, gradually faded into May and about half-way through the period under review began a dramatic turn-round.

In increasingly active trading the rightness in supply of spot May pushed prices for that position as high as £3,200 per tonne. "A level thought impossible up until now."

The extreme difficulty in obtaining natural cocoa supplies was the prime cause of the current activity. Dealers or manufacturers who wished to buy "are literally being squeezed harder and harder by the competition in the scramble to stretch the available cocoa further than it will go."

The newsletter says that premiums for cocoa ahead have also firmed in line with soaring terminal as a direct result of the dearth of supplies and differentials between near and distant terminal positions have widened vastly.

Short covering by commission houses and chartists has exacerbated the situation "but behind all the action there remains a steady demand for actual cocoa."

It is pointed out that shipping difficulties at origin, which have existed for a good many months, have not improved as they were earlier expected to do and have in fact probably worsened.

"Many dealers were encouraged by the premium of origin over the terminal to take in some sizable positions of May futures as a precaution against having to use them as a delivery source."

"The effect of this has been to force more traders to cover in short sales because they are

unable to deliver the physical commodity.

"Other news lending strength to the rise has been the persistent rumour from Brazil that the temporary crop is not quite all that it should be, despite assurances to the contrary from our own sources there."

Joynton's add that the dryness in West Africa is still a problem and has encouraged some additional covering in the forward positions, no doubt bolstered by the action in the nearby markets.

The late recovery of the coffee market "has also been a factor behind some latent bulls who were unable to operate previously because of financial problems."

"Less scrupulous brokers and exporters have, however, been ready to maximize reports of projected losses or possible losses in an effort to support their own cases."

"We feel that the recovery has been overdone and that prices will probably begin to ease again before long on the terminal market, starting a repeat performance, of course."

However, the incident must be seen as a cautionary tale, say Joynton's. "We are now very much aware of how the market will react to a real frost or even a more serious black frost and must therefore tread with the caution such behaviour warrants."

"Another effect of the frost will be to encourage efforts in Brazil and other producing countries to hold on to supplies that they might otherwise have been tempted to sell. Further strength has been added to the producers' hold over the market by Brazil's recent revaluation of her coffee trade."

On falling coffee consumption, Joynton's say that higher prices would "undoubtedly be having damage to a trade that is already up against the wall so far as sales are concerned."

Wallace Jackson
Commodities Editor.

Unit Trust Prices—change on the week

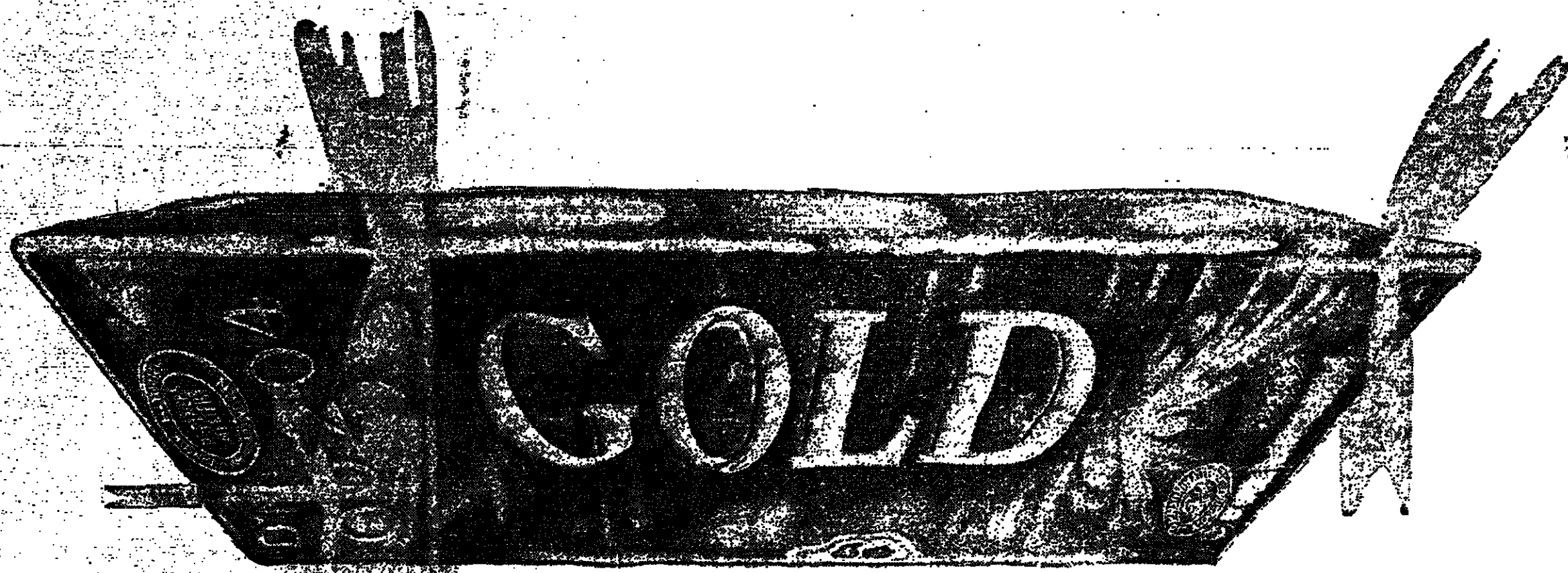
FT Index change on week 452.8-8.5 (1.8%)

Unit Trust	Current	Change	Unit Trust	Current	Change
1000 Airsprung Ord	34	-1	215 Airsprung 187 CULS	126	+3
215 Airsprung 187 CULS	126	+3	215 Armitage & Rhodes	31	-2
215 Armitage & Rhodes	31	-2	215 Belorah 12 CULS	141	-8
215 Belorah 12 CULS	141	-8	215 Frederick Parker	134	-1
215 Frederick Parker	134	-1	215 Henry Sykes	83	+2
215 Henry Sykes	83	+2	215 James Burrough	81	+2
215 James Burrough	81	+2	215 Robert Jenkins	285	+12
215 Robert Jenkins	285	+12	215 Twinkl 12 CULS	13	+1
215 Twinkl 12 CULS	13	+1	215 Twinkl 12 CULS	60	+1
215 Twinkl 12 CULS	60	+1	215 Walter Alexander	63	-2
215 Walter Alexander	63	-2	215 Walter Alexander	77	-1
215 Walter Alexander	77	-1			

(Current market price multiplied by the number of shares in issue for the stock quoted)

Company	Price	Change	Open	High	Low	Close	Volume	Market	Index
3M Co	125.00	+1.00	124.00	125.00	124.00	125.00	100	125.00	125.00
Alcoa	100.00	+0.50	99.50	100.00	99.50	100.00	50	100.00	100.00
Amgen	150.00	+2.00	148.00	150.00	148.00	150.00	200	150.00	150.00
Boeing	200.00	+3.00	197.00	200.00	197.00	200.00	300	200.00	200.00
Citigroup	80.00	+0.25	79.75	80.00	79.75	80.00	150	80.00	80.00
Exxon	60.00	+0.50	59.50	60.00	59.50	60.00	100	60.00	60.00
General Electric	110.00	+1.00	109.00	110.00	109.00	110.00	200	110.00	110.00
Johnson & Johnson	130.00	+0.50	129.50	130.00	129.50	130.00	100	130.00	130.00
Microsoft	250.00	+5.00	245.00	250.00	245.00	250.00	400	250.00	250.00
Oracle	180.00	+3.00	177.00	180.00	177.00	180.00	200	180.00	180.00
Procter & Gamble	90.00	+0.25	89.75	90.00	89.75	90.00	100	90.00	90.00
Walmart	70.00	+0.50	69.50	70.00	69.50	70.00	150	70.00	70.00
Yahoo	100.00	+1.00	99.00	100.00	99.00	100.00	200	100.00	100.00
Amazon	300.00	+10.00	290.00	300.00	290.00	300.00	500	300.00	300.00
Google	400.00	+15.00	385.00	400.00	385.00	400.00	600	400.00	400.00
Facebook	200.00	+5.00	195.00	200.00	195.00	200.00	300	200.00	200.00
Twitter	50.00	+1.00	49.00	50.00	49.00	50.00	100	50.00	50.00
LinkedIn	100.00	+2.00	98.00	100.00	98.00	100.00	50	100.00	100.00
Slack	80.00	+1.00	79.00	80.00	79.00	80.00	100	80.00	80.00
Zoom	120.00	+3.00	117.00	120.00	117.00	120.00	200	120.00	120.00
Dropbox	60.00	+0.50	59.50	60.00	59.50	60.00	100	60.00	60.00
Spotify	150.00	+2.00	148.00	150.00	148.00	150.00	150	150.00	150.00
Netflix	250.00	+4.00	246.00	250.00	246.00	250.00	200	250.00	250.00
Disney	180.00	+2.00	178.00	180.00	178.00	180.00	150	180.00	180.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	100.00	100.00
Paramount	80.00	+0.50	79.50	80.00	79.50	80.00	100	80.00	80.00
Columbia	60.00	+0.25	59.75	60.00	59.75	60.00	100	60.00	60.00
Universal	50.00	+0.25	49.75	50.00	49.75	50.00	100	50.00	50.00
Warner Bros	100.00	+1.00	99.00	100.00	99.00	100.00	100	10	

a Special Report



Gerry Greaves

Asset with a unique combination of qualities

William Rees-Mogg

In the 1970s both investment and borrowing have been very difficult. Investment has been difficult because it has been so difficult to predict the profits of any undertaking largely because capital exchange values, interest rates, and inflation have all fluctuated. Borrowing has been difficult for the same reason: boom and collapse in the property market is an example of the fluctuations that both savers and borrowers have to deal with. Between the autumn of 1973 and the autumn of 1974, property fell in some cases by as much as 30 per cent and properties actually became unsalable. At the same time interest rates rose. It was not surprising

that many property companies and some secondary banks became insolvent. It was more surprising that so many property companies and banks managed to survive. In circumstances of instability the attraction of gold as an investment is greatly increased. Gold has a unique combination of qualities. It is a real asset in the same way as other commodities, or land or buildings, are real assets. It does not depend for its value on credit or on estimates of its future earning power. Gold is, at the same time, a liquid asset. It is possible to change gold into money or into other kinds of money, at an hour's notice; and in extreme circumstances gold can be used to purchase other goods when paper money is not acceptable.

Gold is therefore the only investment which is almost

100 per cent real, and almost 100 per cent liquid. During a period of inflation, real assets with low liquidity, such as property, can prove to be dangerous investments: it may be impossible to sell them while inflation is causing violent fluctuations in interest rates and money values. The unfortunate property owner may be forced to sell at the low point of the market, as some property owners had to sell in 1974. At the same time it is obvious that government bonds, which have high liquidity but do not represent real values, are also a dangerous investment in a period of inflation. The inflation steadily erodes their real value and when bonds are eventually repaid they are repaid at a greatly reduced purchasing power. The classical argument against gold as an investment is that it does not produce any income. In a

period of price stability, when other forms of investment do produce a real income and possibly even a real income after tax, this is a serious argument for confining investment in gold to a small proportion of the total assets of an individual or of the reserves of a nation. At present, however, the fact that gold has no yield is of less consequence, except to investors in need of nominal current income. The present yield of the most liquid British government stocks is about 7 per cent. The present rate of inflation in Britain is about 17 per cent. The real return on highly liquid government stocks in Britain is therefore minus 10 per cent. Gold enjoys the same degree of liquidity as these bonds and because it is a real asset it is likely over time, though not in any given period of months or years, to have approxima-

tely a constant purchasing power. It is certainly most unlikely that the purchasing power of gold will fall by 10 per cent per annum. The value of this combination of liquidity and real value varies according to the prospect of future economic and financial fluctuation. Will people without liquidity be likely to be caught out? Will people who do not base their investment on real values continue to lose purchasing power? The second of these questions is the easier to answer. In Britain and in most other countries, inflation is almost certain to continue. The rate of inflation may decline in Britain, and may be no more than 10 per cent or so by the end of the year. That will be a welcome relief, but it will still mean that the purchasing power of money will be declining continuously and rapidly.

In the United States the rate of inflation is likely again to accelerate as recovery progresses. It must therefore be assumed that investment should be based on real and not on money values, particularly where money remains fall short of the present rate of inflation. It is less certain that we are going to see another money squeeze on the scale of that of 1974. At present there is so great a reluctance to borrow, at least in Britain, that it is certain that industry is not overextended; individuals also have been trying hard to reduce rather than to increase the burden of debt. Nevertheless it is characteristic of all major inflationary periods of tight money, causing interest rates to rise, occur intermittently and unpredictably in the course of them. It is right to assume that investors are likely to be

caught by shortage of liquidity as well as by investment in declining money values. To the degree that this double risk exists, gold must be an attractive investment. If gold is an attractive investment for individuals it will also be attractive for governments, since the build up of individual gold holdings will help to maintain the firmness of the gold price. Governments also have to be concerned with investment in real values; they also have to ensure that their reserves are highly liquid. The Bank of England cannot invest the reserves of the United Kingdom in real estate, and in practice can only invest the reserves in a real value by holding a proportion of them, which ought to be a high proportion, in gold. What is surprising is that the Arab countries have invested so small a proportion of their surplus in gold,

rather than in short-dated funds of one sort and another. The Arabs have a traditional confidence in gold and they have the problem of selling a real asset—oil—when that real asset is becoming steadily scarcer. If an Arab sells a thousand barrels of oil in 1977 and invests the money in United States funds, he is most unlikely to be able to buy a thousand barrels of oil in 1985 with the accumulated principal and interest. He would be more likely to be able to buy a prospect of world inflation, the outlook for the gold price must be firm. Investors go bankrupt two ways. Either they invest in cash which loses its value through inflation, or they invest in real assets and do not have cash when they need it. Gold is the only investment which has the virtues of cash and the

official world price. When that price was released gold had a long period in a rising market, which inevitably pushed the price higher than could be maintained. It then fell back from the exaggerated peak and has now made a recovery to its present apparently fair level of about \$140 to \$150 an ounce. Given the advantages of attraction to countries suspicious of each others' currencies, the large oil surpluses which will continue to be invested and the continuing prospect of world inflation, the outlook for the gold price must be firm. Investors go bankrupt two ways. Either they invest in cash which loses its value through inflation, or they invest in real assets and do not have cash when they need it. Gold is the only investment which has the virtues of cash and the

British trading a shadow of former self

Donald Pullen

London is a pale shadow of its former self. Formal acceptance of that unpalatable fact came recently when Smith Brothers, the long stockbroker left still making a market in gold shares in London after the withdrawal of Wedd, Dirlacher last year, announced that it would be switching its price quotations for South African gold mining shares from sterling to dollars on the ground that sterling quotes had become irrelevant to most of their clients.

Moreover, over the past year the competition for what business there still is in London has become keener with United States brokers like Merrill Lynch and Drexel Burnham starting to deal in gold shares. Earlier this year Smith Brothers applied to the Stock Exchange for permission to make a market in gold shares outside the confines of the exchange itself. Increasingly that firm had found it impossible to compete with United States brokers who could offer net

prices while the London jobber had to quote prices that included brokers' commission and stamp duty which left its prices way out of the market. The application was turned down by the council of the exchange, presumably on the grounds that it would weaken the whole exchange if it were to lose out of a market in which it was more business to the American brokers. There is still enough business to keep the gold share jobbers themselves take a pragmatic line by arguing that gold shares are an insurance policy for when the industrial equity market goes off the boil.

All this, however, is no more than the after-effects of a rot that set in when the investment currency premium—the extra that British investors have to pay for the privilege of investing overseas—was extended to the rest of the sterling area, including South Africa in 1972. The disincentive to invest overseas was compounded in the March, 1974, Budget, when the 25 per cent surcharge on the dollar premium was introduced. This meant that investors were allowed to keep only three quarters of the dollar premium element when their shares were resold. At the ruling level of the premium then that was the

equivalent of an immediate 8 per cent impost on buying South African gold shares, for instance. Even so, that could be fairly comfortably absorbed into the heavy gold share market of 1974, when it was quite common for shares to be bought by a tenth or more in a day. What finally knocked the stuffing out of gold shares was the further sharp rise in the dollar premium as investors sought protection from the United Kingdom economy in overseas shares. As its height that meant that shares would need to rise by about a sixth to cover the premium surcharge and buying costs before any profit was made. Also the progressive downgrading of gold shares themselves took its toll, as the bullion price dropped sharply and a political cloud started to gather over South Africa itself. Added to the falling gold price and the political troubles culminating in the Soweto riots last summer, the mines themselves started to run into other difficulties in the shape of labour shortages, when Malawi turned off its tap of mine workers, and sharply rising costs. All of that was a far cry from the tempestuous 1972-74 period when gold shares out-performed everything else in sight, leaping nearly ten times from their nadir in October, 1971, with old

mines, where the gearing to the gold price was so much greater, rising even more astonishingly. While gold was pegged at its monetary level of \$35 an ounce, gold shares were among the staidest sectors of the market suitable only for institutional funds seeking a steady stream of dividend income. At the same time the market was still considered very much the preserve of the speculator whose role was to try to outwit the mining houses. Moreover, because all mines have a finite life and South African gold mines have always tended to pay out the bulk of their earnings in dividends, investment was likened to buying an annuity. That all changed in the early 1970s when the old analytical tools had to be amended to take account of the sharply rising price of gold. Moreover, it was not quite as simple as just feeding in a new gold price since the rising price had an effect on the life of a mine because it meant that the mine could afford to produce from lower grade ore. It was a condition of the government lease that all the gold that could be economically produced should be. The techniques developed by many leading London stockbrokers were based on the same premises. Using the wealth of information about their operating condi-

tions all the South African mines produce, these computer models attempted to at the height of the gold share boom days find it difficult to understand the heady atmosphere then. Discounting the dividend stream over the life of the mine produced a present value, treating the dividend as both income and a return of capital. Interesting as those techniques were, their real use lay in assessing the relative merits of individual mines since absolute values, hinged on the discount rate used and the gold price, both of which are subjective assessments. Continually changing re-

active values provided stockbrokers with good business at the height of the gold share boom. A broker even went so far as to claim that one mine's life had been seriously underestimated. The stagnating gold price has brought to an end all that fun. Gold shares have returned to the previous boom, concentrating a great deal of attention on defunct mines that stood a chance of reopening on the strength of a really high gold price. Moreover, so much skill was introduced to stockbrokers' offices that some of the British investor.

even felt qualified to dispute facts with the mining houses that controlled the mines. A broker even went so far as to claim that one mine's life had been seriously underestimated. The stagnating gold price has brought to an end all that fun. Gold shares have returned to the previous boom, concentrating a great deal of attention on defunct mines that stood a chance of reopening on the strength of a really high gold price. Moreover, so much skill was introduced to stockbrokers' offices that some of the British investor.

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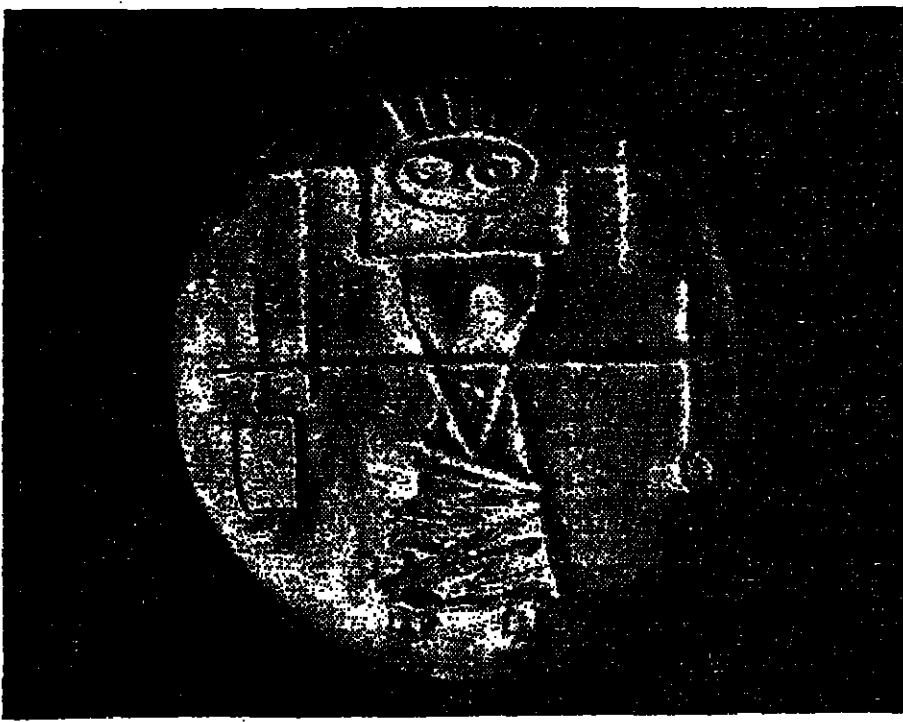
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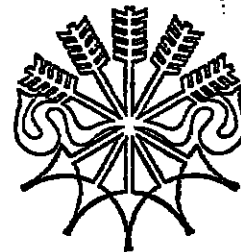
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Market absorbs heavy selling by communist countries

by Desmond Quigley

Perhaps the most intriguing factor to affect the world supply of gold recently was the reported arrival in London last December of 80 tons of gold from China.

It is now generally accepted that most if not all of that gold has subsequently been sold on the free market, a matter of some satisfaction to gold bulls who saw the easy absorption as a sign of underlying resilience in demand after the heavy and prolonged slide from December 1974, when bullion reached nearly \$200 an ounce, through to the autumn of last year when the price nearly broke through \$100 an ounce.

The total non-communist gold production last year rose to about 964 tons, compared with 956 tons the previous year, after a continuing decline in output since the beginning of the decade.

Far left: goblets available in gold and silver, by Peter Musgrove, to be shown at the Loot Exhibition at Goldsmiths' Hall from June 28 to July 16. Left: gold and pearl ring by Nevill Holmes and, top, gold and pearl necklace by Gerda Flockinger, both from the exhibition Treasures of London, to be shown in Vancouver next month as part of the jubilee celebrations.

In 1970 output reached 1,273 tons. However, total gold supply rose more prominently and net private purchases were probably the highest since 1973 with about 1,300 tons being acquired.

Two large factors last year were the start of the International Monetary Fund auctions and the much heavier sales made by communist countries. It is estimated that in 1976 perhaps 300 tons were sold from communist sources, including a small part of the 80 tons from China (the rest being sold this year).

The gold world is surrounded by a cloak of self-perpetuating secrecy, making accurate figures of supply and demand difficult to come by. This difficulty is accentuated when it comes to attempting to assess the production and sales of the communist countries.

Total Russian mine output has been assessed by some experts at 440 tons last year, an increase of nearly 100 tons on the estimated 1970 figure. However, Central Intelligence Agency reports have estimated gold production to have been in the region of 300 to 350 tons in 1976 while other United States agencies have put the figure considerably lower.

The flow of gold from Russia and other communist countries tends to follow economic cycles and the sales coincide with needs for foreign currency either for imported capital equipment or to buy in grain to offset a disastrous harvest.

The estimated net trade with communist countries last year of 300 tons was the highest since 1965 when the net trade was 355 tons.

In the following five years there was a net deficit of 119 tons.

While Russia's sales may be dictated by economic needs it is generally agreed that the Russians use the market well and do not tend to seek to depress the market for political reasons. This finesse is not so readily apparent when it comes to sales of platinum metals—western observers comment that in this case the Russians often sell heavily into a falling market.

It is generally assumed in the West that while the Russians understand the unique properties ascribed to gold and the gold market and thus play the game as well as anybody, they see platinum as merely another foreign exchange counter to be offloaded as and when there is a need for further funds.

The decision of the International Monetary Fund to sell one sixth of its gold holdings to create a trust fund for developing nations and to hand back a further one sixth of its stocks to members caused consternation throughout the gold world, and particularly in South Africa and on the gold mines.

If the mines had done well from the explosion in the gold price which culminated in December, 1974, they were not so well equipped to withstand a bad slide in the price of gold. As the price fell, working costs were rising and the average grade of the gold mines was declining sharply, although from the end of the first quarter last year, the grade decline was almost halted.

Grading is partly a function of the gold price and when the price is high those mines able to do it will take a lower grade to prolong the life of the mines. But it is not possible to switch overnight from a relatively rich area to a poorer one and vice versa. The average grade of the South African industry in fact is irreversibly falling.

The IMF sold 121 tons of gold last year—nearly 17 per cent of South Africa's entire production. The first auction was held last June

with 780,000 oz of gold on offer, with successive auctions every eight weeks thereafter. However, after the initial panic over the potential effect of the auctions, the gold world became accustomed to the auctions. This acceptance was enhanced when it was decided that from last March the auctions would be held monthly with the amount on offer being reduced to 525,000 oz.

While South Africa's gold production is declining in the long term, there are several interesting developments taking place. New goldmines under construction include Deelkraal and Blandstad, while other mines are being extended at President Steyn, for example, a new shaft is being sunk.

Anglo American Corporation of South Africa has also embarked on two large projects for the recovery of gold, uranium and sulphuric acid from previously discarded slimes from various mines. The retreatment of this material has been made possible by technological advances in the recovery of minerals. The metallurgical complexes are being built to service the group's Orange Free State mines and also on the East Rand.

The prospect for the South African goldmining industry has brightened considerably with the rise in the gold price, but the upward movement in the bullion price did not come before several mines had had to seek state assistance in order to stay in production.

The South African Government, normally second only to the United States in adopting an attitude of benign paternalism towards the mining industry, tarnished its image last year—just at the time when the gold mining industry was going through a major crisis—by altering the tax and lease formulas, with the result that some mines now have to pay out as much as 74 per cent of their profits to the state.

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Stage set for return to normal demand

by Ronald Pullen

To the uninitiated, gold may look "the most useless thing in the world," as Henry Ford once summarily dismissed it. The irony, as the old jibe runs, is that for the most part gold is dug out of the ground in the most appalling conditions on one side of the world—only to be reburied in central bank vaults on the other.

Little more than a fifth of annual production goes towards anything more constructive than adorning the necks and hands of the wealthy. And even in those industrial applications like electronic circuits or jet engines gold is used in such small quantities that it is hardly sufficient to meet world demand for the foreseeable future.

Plainly, however, for the period that gold played a central role in the world monetary system such considerations were all but irrelevant, given that the scale of official purchases provided the real backbone of the market. Indeed, even though gold has now been relegated to a bit part on the monetary stage, residual private speculative and hoarding demand during times of inflation or exchange rate upheavals is likely to continue to be an important element in the overall balance of supply and demand.

Yet the changes to gold's role forced through in recent years mean that it will no longer be able simply to rest on its laurels as a supposed store of value. Whether there will be another burst of the intense speculative buying that drove up prices almost sixfold in 1972-74 is anyone's guess. But in the meantime demand for gold used in manufacture will play an increasingly important part in determining the structure of the bullion market.

Fortunately for its longer-term future, Ford's deprecatory remarks about gold as waste of the mark as most generalizations. However intangible for the most part has been the appeal of gold, at least some of its attractions towards the Phoenicians onwards have had some thing to do with the metal's intrinsic physical and chemical properties.

Broadly speaking gold's acceptance as an industrial material has been linked with the fact that it is an easy metal to work with. Its durability is excellent (some nine tenths of all the gold ever mined is still reckoned to be in existence), it is resistant to tarnishing and for most practical purposes corrosion-free. Moreover, its good electrical conductivity has meant a ready market in the modern electronics industry.

Apart from its purely visual appeal, gold has proved a natural material for the jewelry trade through the ages. Its lack of brittleness has enabled it to be drawn, beaten and shaped into forms that are impossible with comparable materials. Gold's malleability has also meant that it can be drawn into the sort of fine wires that are critical in printed circuits in the electronics business. At the same time gold alloys readily with the other metals—rolled gold,

for example, formed by bonding a gold alloy on to a base metal, is now popular in spectacle frames, pens and so on.

Because of the fine limits within which electrical circuits have to work in computers or telephone switching systems, gold's good electrical conductivity coupled with its corrosion-resistance makes it an ideal material to handle the low voltages these circuits need to operate on.

Elsewhere, the other important uses for gold lie in dentistry, chiefly in the United States, Britain, West Europe and Japan, and in pottery and ceramics where "liquid gold" is painted on and subsequently fired after which it remains as a thin deposit resistant to everyday use.

Other applications are being developed all the time which may be statistically unimportant but nevertheless serve to emphasize the versatility of gold. These extend from medical applications to the aerospace industry, where it is used in jet engines and as a heat reflector. More prosaically, Engelhard, the large United States precious metals concern, has pioneered the use of gold in windows of tall buildings where a thin film of gold helps to shut out the heat of the sun.

For all this spectrum of uses, the gyrations in the gold price over the past five years have brought about important changes in the patterns of consumption. More fundamentally, the rocketing price has helped to shatter one of the myths of the gold business, namely that demand, particularly in the case of jewelry, would go on rising come what may. The 1972-74 period illustrated clearly that gold was as sensitive as many other industrial materials to price movements.

The amount of gold used for jewelry halved in 1973 to just over 300 tonnes and halved again the following year. The bulk of the decline came in the developing countries such as India and South-East Asia where gold is made into the sinuous jewelry items as thinly veiled way round government bans on private gold holding.

In contrast demand in the United States, Europe and Japan has held much less. There, the amount of workmanship in modern jewelry, along with the trade mark-up, is high enough to mean that gold itself typically represents about a third of the selling price. Similarly, in the electronics industry the soaring gold price coupled with economic recession cut demand noticeably, with competitive pressures forcing manufacturers to find ways of reducing the amount of gold to a minimum or to use substitutes.

During the past two years the decline in the jewelry business has been halted,

but demand will take time to pull back to the levels of the early 1970s. Dentistry has been largely unaffected by movements in the gold price with smaller gold sales in some countries matched by the development of state dental schemes elsewhere.

Electronics industry demand is still in the doldrums although the signs last year were that it was beginning to respond to the economic upturn. The feeling is that manufacturers have by now reduced their usage to an irreducible minimum.

The stage, therefore, is set for a return to more normal consumption patterns, but any further sharp rise in the gold price will cause a repeat of the distortions that have occurred over the past five years. The demand for official coins and commemorative medallions cuts across the investment and hoarding instincts. Under the stimulus of the marketing programme of the South African Government for Krugerrands the amount of gold going into official coins has more than trebled over the past four years and was the chief stabilizing force in an otherwise edgy bullion market in 1975, accounting for about a fifth of private gold purchases.

Krugerrands have not been the only new official coin to come on the scene recently. Austria and Hungary minted 100 crown pieces chiefly for the United States market, while just over a year ago the Russians offered 0.25oz gold coins.

Sovereigns and Krugerrands are the only bullion coins that are legal tender and are free from purchase and value added taxes around the world. Unlike the sovereign, however, where the premium over the gold content is 35 to 40 per cent, a Krugerrand sells for a mere 3 per cent premium which means that, as near as makes no difference, the investor is buying a million. Sales were heavy in 1974 and 1975 with Germany, Switzerland and Britain being the biggest markets, but demand dropped off sharply last year with the decline in the gold price and British Government restrictions on the import of Krugerrands.

Apart from other official coins collectors' coins, new issue sets from exotic countries and privately struck medallions all sell for a high premium over their gold content. Although they may have a numismatic or rarity value they are unsuitable as a means of investing in gold.

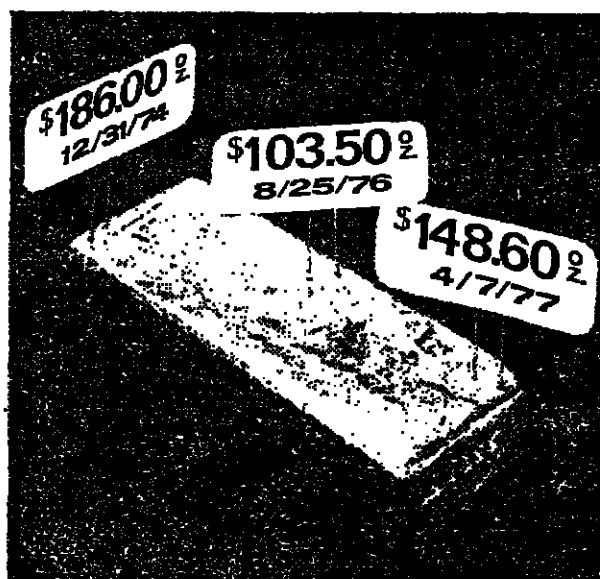
That is not to say they will not prove to be a good investment in the long term—pre-Victorian gold coins are some 40 times higher than their prewar value—but they demand a good deal more knowledge than that of the gold market.

DEMAND FOR GOLD (TONNES)

	1971	1973	1975
Fabrication	1,391	857	1,017
Carat jewelry	1,058	510	532
Electronics	88	128	65
Dentistry	69	73	65
Other industrial and decorative uses	69	71	48
Medals, medallions and fake coins	52	21	16
Official coins	54	54	221
Net private purchases	—5	543	178
Total	1,386	1,400	1,125

Source: Consolidated Gold Fields Gold 1976.

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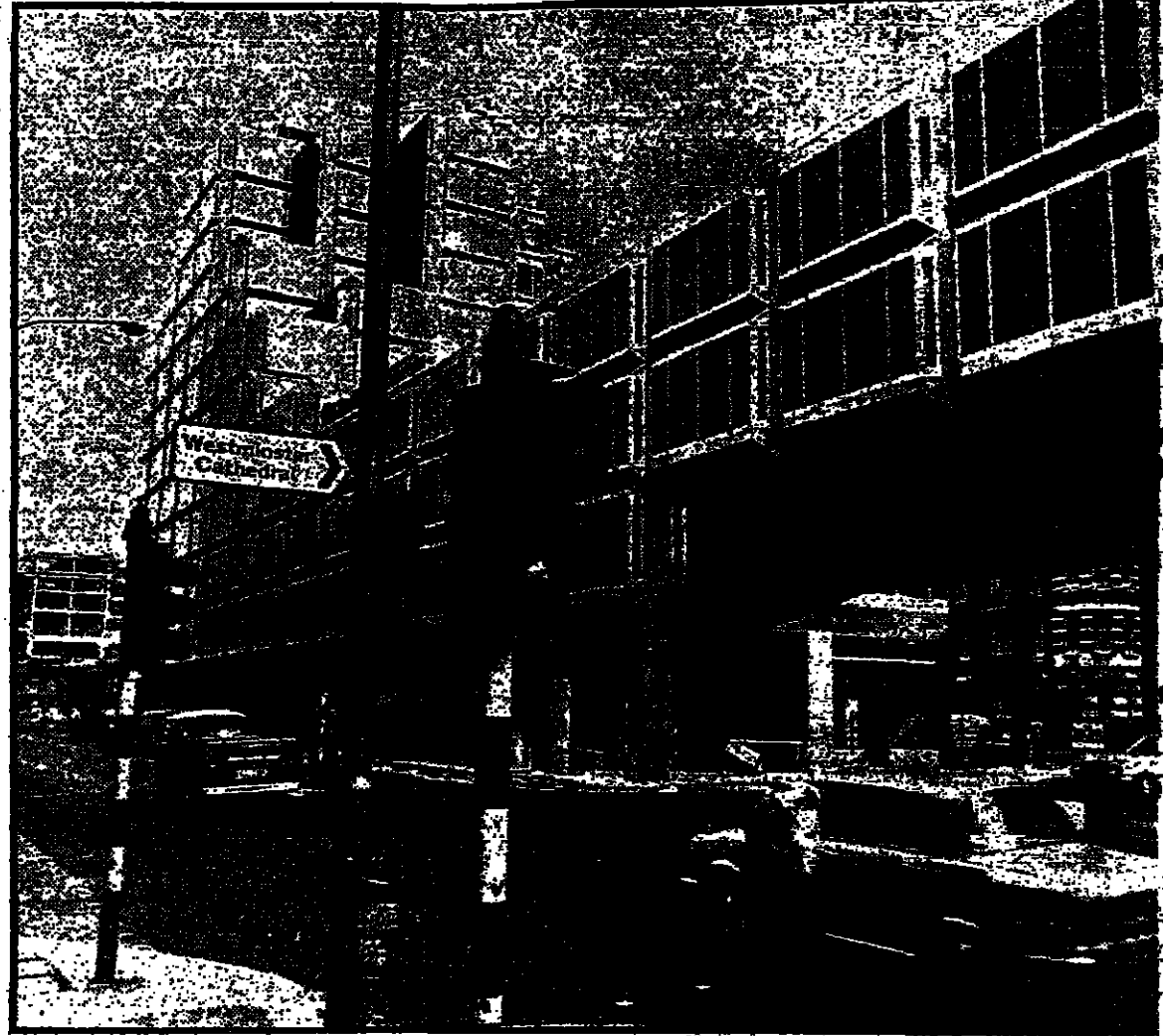
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West End

A high-contrast, black and white photograph showing a large, dark, curved structure, likely a bridge or overpass, spanning a road. The structure is heavily shadowed, and the background is a bright, textured sky. The road below is visible with lane markings. The image has a grainy, high-contrast quality.




Left: Moving out, Faber Willis and Dumas in Ipswich. Right: staying in, Chelwood development in Victoria.

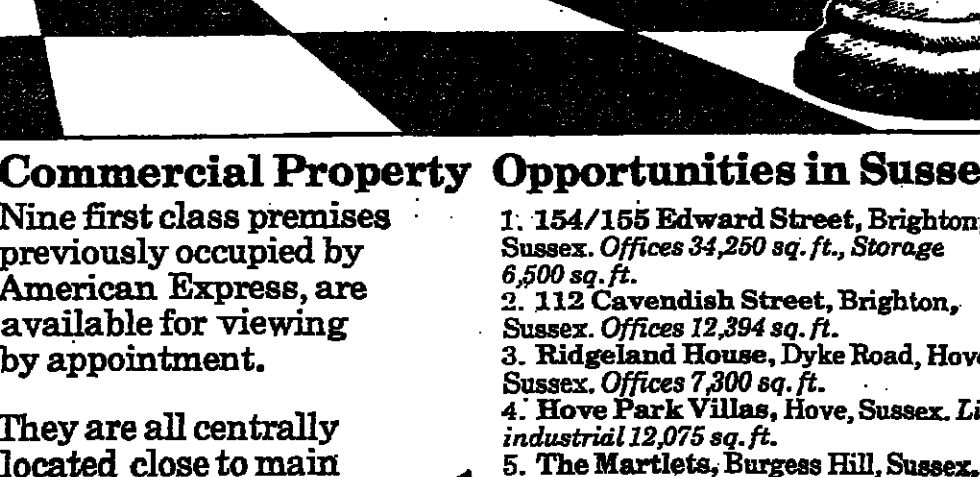
towards the cost of the expensive local house-doubling in price as the office moved in area.

When the tax fell down, and the value of the London house lost, our unfortunate manager may wonder if his decision to move was a mistake. The word "experience" summarizes the argument that relocates is not a sure option and that for many London companies the move is not a good one. It is no option at all. It is a relaxed development of the wild and woolly thinking for decentralization. It is a failed, but at least welcome act of the market's call by the Government.

John B.



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4. Hove Park Villas, Hove, Sussex. Light industrial 12,075 sq. ft.
5. The Marilets, Burgess Hill, Sussex. Offices 20,950 sq. ft.
6. 200 London Road, Burgess Hill, Sussex. Warehouse 4,020 sq. ft., Offices 6,825 sq. ft.
7. Westchester House, Harlands House, Haywards Heath, Sussex. Offices 22,860 sq. ft.
8. Milton House, Milton Road, Haywards Heath, Sussex. Offices 8,100 sq. ft.
9. Eastchester House, Harlands Road, Haywards Heath, Sussex. Offices 8,290 sq. ft.



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Commercial Property: half-yearly review



West End Offices

KNIGHTSBRIDGE SW1
Two modern office floors.
Lift. Air-conditioning.
Well partitioned.

To be let
6,000 sq. ft. approx.

STRATTON STREET W1
Headquarters freehold office building.

Lift. Central heating.

For sale
4,000 sq. ft. approx.

NEW OXFORD STREET W1
New 25 years lease subject to 5 yearly review.
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To be let
12,850 sq. ft. approx.

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Carpeted throughout.

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Self contained offices.
Lift. Central heating.

To be let
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Decentralised Offices

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Third floor of modern building.

Fitted to high standard.
Central heating. Lift.
Car parking.
Lease until 1993.

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Third floor in modern building.

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For sale
5,585 sq. ft. approx.

CHISWICK W4
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High quality fittings throughout.
All amenities. Various leases expiring 1982 and 1989.

For sale without premium
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BARKING ESSEX
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Sixth floor of modern building.
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Porter. Lease until 1990.

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Carpeted.
Lease until 1994.

For sale
10,870 sq. ft. approx.

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Part fourth floor of modern building.
Close to main line station.
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For sale
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Shops & Restaurant

BERWICK STREET W1
Large shop & basement to let.

Ground floor shop 1930 sq. ft.
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Basement storage 2,368 sq. ft.
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Both available on new leases.

HIGH HOLBORN WC1
Retail premises to let.

Ground floor 1152 sq. ft. approx.
Basement 626 sq. ft. approx.
New lease by arrangement.
Rent £12,500 p.a.x.

Joint Agents: DE GROOT COLLIS
Telephone: 01-734 1304

GRAYS INN ROAD WC1
Showroom to let.

Ground floor
1400 sq. ft.
New 15 year lease.
Rent £4,500 p.a.x.

BULL'S HEAD PASSAGE EC3
Lock-up Shop for sale.

Ground floor 158 sq. ft. approx.
Basement 678 sq. ft. approx.
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HALKIN ARCADE SW1
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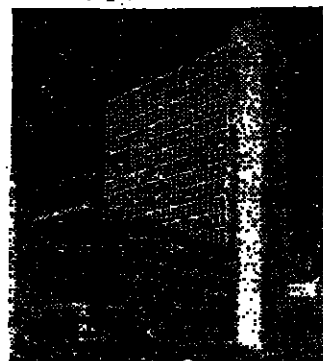
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